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Automotive News

AUGUST 17, 2015

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INDUSTRY ON TRIAL

> **THIRD IN A 6-PART SERIES | WRETCHED EXCESS:** Engineering the same part again and again wastes billions, inflating prices out of the consumer's reach. | **PAGES 24-25 |**
 > **OPINION:** Harmonizing regulations, sharing parts would benefit everyone. | **PAGE 12 |**

Toyota to embrace online car shopping

Taking a cue from Scion program

David Undercoffler
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SEATTLE — An online car-buying program that targets Scion's young customer base is barely off the ground. But executives are already preparing to roll out a similar system "as soon as possible" for the Toyota brand.

That's according to Bill Fay, general manager of Toyota Division, which encompasses both brands. Fay told *Automotive News* this month at a press launch here for the 2016 Tacoma that Toyota brand aims to roll out its own version of Scion's voluntary Pure Process Plus online transaction program in six to 12 months.



Fay: Millennials want to shop more online.

Blame the shift on the kids.

"Millennials are starting to express the fact that they'd like to do more shopping online," Fay said. "They'd like to connect that shopping to a buying experience ... that needs to be quicker and more transparent."

The Scion and Toyota initiatives are part of a broader move by automakers, dealers and third parties to simplify car buying through online and mobile tools.

Large dealership groups such as AutoNation Inc. and Sonic Automotive have set up online storefronts

see **TOYOTA**, Page 30

FIFTH IN A 9-PART SERIES | FORD

future product pipeline

> The Ford brand's launch cadence slows as it enjoys the fruits of a busy two years. And Lincoln has renewed its core lineup. | **PAGES 14, 16, 17 |**

Ford Mustang Shelby GT350R

Ford F-150 Raptor

Ford GT

Bookmark autonews.com/futureproduct to stay updated on product portfolios.

The Taurus comeback story: Is it the end for ex-champ?

Nick Bunkley
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DETROIT — The Ford Taurus — a once-revolutionary nameplate that Ford Motor Co. already killed once, until Alan Mulally arrived and gave it new life — again has an uncertain future, at least on this side of the globe.

U.S. sales of the Taurus, like many large cars, are tanking, down 28 percent through July. Ford unveiled a redesigned Taurus

in April but said it was designed only to be built and sold in China.

Ford hasn't revealed any updates for the Taurus in North America, suggesting the current generation, introduced in 2009 and updated in 2012, will linger on dealership lots for at least a few more years. If sales keep falling, analysts speculate Ford could eliminate U.S. production of it and either import the small volume it needs here from China or leave the full-size sedan segment to its Lincoln brand,



Ford says a redesigned Taurus is for China only.

see **TAURUS**, Page 34



The Envision compact crossover "would fit perfectly in the Buick lineup."

Will U.S. get Buick made in China?

Any decision to import Envision won't be easy

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DETROIT — In 2013, General Motors polled some U.S. Buick dealers about their volume and model-mix expectations for a new vehicle: a compact crossover that has since been launched in China as the Buick Envision.

It's two years later and there's no U.S. Envision, leaving industry watchers and dealers scratching their heads.

"It would fit perfectly in the Buick lineup at a time when crossover sales are growing fast," says Jack Nerad, executive market analyst at Kelley Blue Book. "I'm sure a lot of Buick dealers wish they had it today."

GM still is expected to launch the five-seat Envision in the U.S., probably sometime in the second half of next year, industry forecasters say.

And if that happens, it would almost certainly be imported here from China.

In May, Chinese-owned Volvo became the first automaker to export China-built vehicles for sale in U.S. showrooms with



Aldred: Nicely designed

see **ENVISION**, Page 30

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“We’ve been given a mandate to go forth, experiment and learn.”

ERICA KLAMPFL
Ford Global Mobility Solutions Manager

How can a car company be a leader in tying together the vehicles it makes with data and connectivity to help make people’s journeys more convenient? Ford Smart Mobility addresses the opportunity to transform personal mobility due to changing consumer trends and new technologies. “There’s a recognition from the top that we don’t have all the answers,” says Erica Klampfl, Ford Global Mobility Solutions Manager. “It’s a really cool time to be in this experimental phase and to understand how we can contribute.” Klampfl is leading efforts at Ford to push the needle on mobility, most notably leveraging an open-source software platform called OpenXC. Ford is encouraging developers worldwide to use OpenXC to devise mobility solutions, such as experimenting with apps that can help identify open parking spaces or alternative routes for daily commutes. “This is a little different approach, where Ford is not necessarily trying to own everything, but instead getting people to think about mobility challenges and also foster creative ideas in different communities,” she says. Find out more about Ford at social.ford.com.

Statistics Dashboard for the MoDe:Link app calculates health information and greenhouse gas reduction data for riders using a Ford connected eBike with other modes of transportation.



Go Further



Johan de Nysschen has reiterated that his quest to rebuild Cadillac is a decadelong project.

De Nysschen's Cadillac: On track, but a slow one

A year in, he's made it clear that there's more work to do

Mike Colias
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Johan de Nysschen marked his one-year anniversary as Cadillac's global chief with a bit of levity last week during a speech to Wall Street investors.

"It's been the toughest five years of my life," he quipped.

Maybe it was a reference to Cadillac's sales being down or flat in 10 of those 12 months. Or the ridicule he withstood for moving the headquarters to New York. Or the harsh reality that Cadillac is scraping by with a one-crossover lineup when rivals are peddling as many as five apiece.

Regardless, nobody can accuse de Nysschen of sugarcoating the difficulty of his mission to return General Motors' luxury brand to prominence. Lately he has been reminding everyone that rebuilding Cadillac is a decadelong project, and he has the support of GM CEO Mary Barra and President Dan Ammann to take the long view, even if the short-term results aren't pretty.

But it's not all bad, insists de Nysschen, a lanky 55-year-old South Africa native who's given to mixing self-deprecating one-liners with elo-

see **CADILLAC**, Page 29

CORRECTION

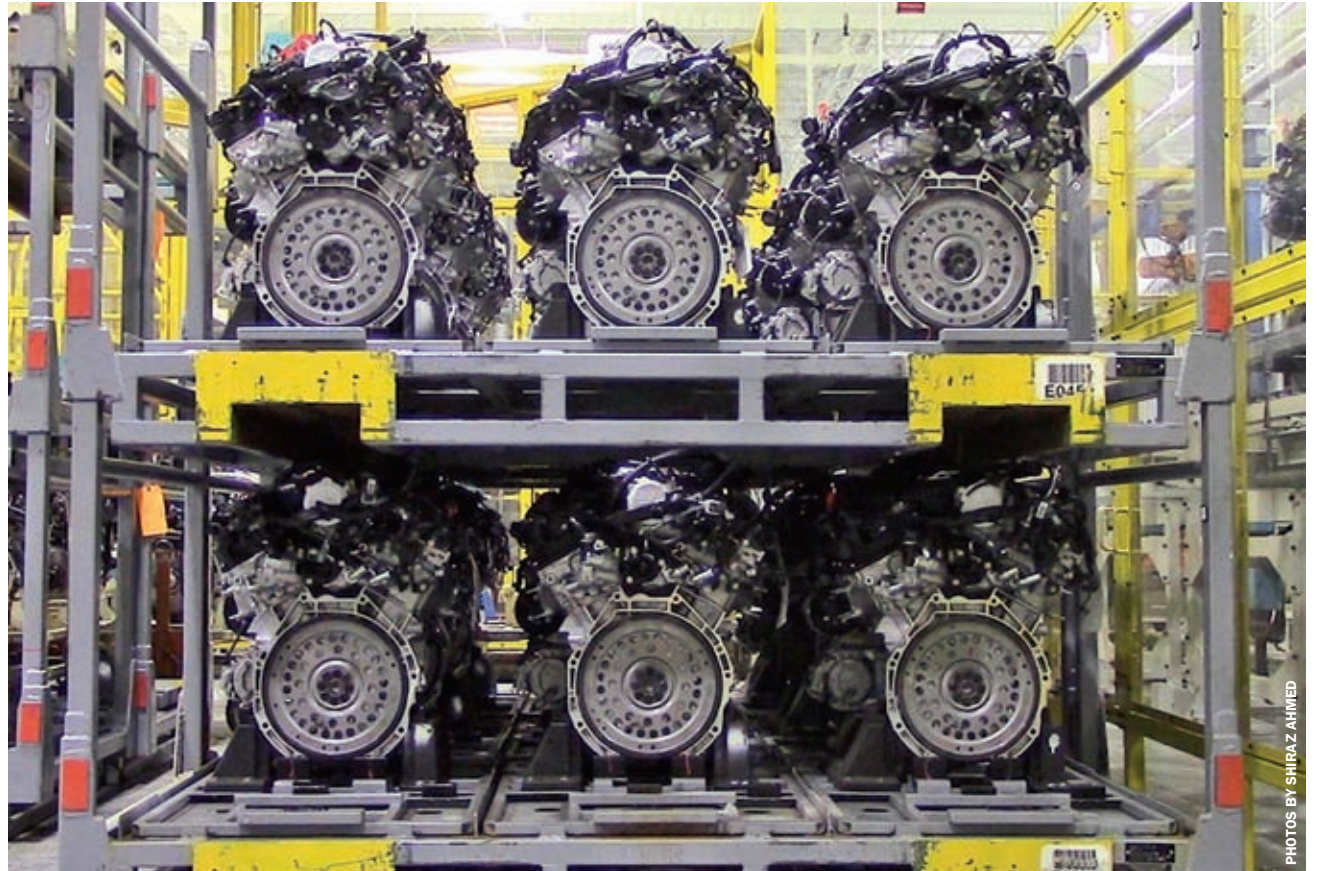
■ A Page 14 story in this issue should have said the Ford Taurus was freshened in 2012.

UPDATE

■ Details of a Tesla Motors stock offering on Page 23 of this issue were updated after the page went to press. Tesla increased the number of shares it plans to offer to about 2.7 million and now seeks to raise about \$642.5 million.

"Associates get tired. Robots don't get tired. They do the same work on Monday as they do on Friday in first shift or second shift."

George Graber, Honda Manufacturing of Alabama



Above, engines built at Honda's Lincoln, Ala., plant; below right, an engine is handled by one of the factory's robots.

SOLUTION: ROBOTS

Honda creates automated environment at Alabama engine plant



PLANT LIFE
SECOND IN A
3-PART SERIES

This article continues our report on the innovative strategies of three Japanese automakers that build engines in the U.S. Last week we looked at how Infiniti is instilling a culture of craft work. This week we examine Honda's decision to maximize its use of robots.



Lindsay Chappell
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LINCOLN, Ala. — Honda found itself at a crossroads here a few years ago.

After years of building light-truck engines with what was considered one of the industry's most efficient processes, Honda realized what it had been doing was no longer good enough.

As the U.S. industry braced for more demanding federal fuel economy regulations, Honda saw a future in which it would need more engines than its factory here could make, a future in which it would want more flexibility to change which engines it builds.

Its solution? Robots.
Lots of them.

COMING NEXT

Aug. 24: A St. Louis family stamping business evolves into a Toyota *keiretsu*.

I, ROBOT: Honda factory managers and workers explain why they took a "leap forward."

See the automation in action:
autonews.com/hondarobots

Honda has changed its approach to engine- and vehicle-making and overhauled its 15-year-old process in Lincoln to create one of North America's most automated environments. The automaker installed 92 advanced robots — some of them built from scratch to perform assembly tasks Honda had never attempted before — and designed a fac-

tory that turns raw aluminum ingots into finished V-6 engines through a process that is 75 percent automated. Before the new system was launched this spring, Honda's engine-making had been about 30 percent automated.

Robotic arms now carry castings and casings from station to station, meticulously install heads and gaskets, insert pistons and use infrared cameras to ensure the work has been done correctly. Honda has reduced its engine work force from about 340 people last year to 240 on two shifts today. And Honda executives say that number will come down further as the robotic system gets up to full speed and proves itself.

see **HONDA**, Page 29

Fine-tune your marketing message with help from experts



Hardy: BMW of North America marketing chief



Oosthuizen: Heads Porsche N.A. marketing

With a constantly changing marketing landscape, how do you ensure that your message is on target and reaching new and diverse consumers?

Five influential automotive marketing executives will speak on that topic at the Automotive News Marketing Seminar on Sept. 22 at the New York Marriott Marquis.

"Marketing's New Mantra: Diversity, Flexibility and Mobility" is the theme of the event.

The panelists:

■ Alan Bethke, vice president, marketing, Sub-

aru of America

■ Tony DiSalle, U.S. vice president, marketing, Buick and GMC

■ Trudy Hardy, vice president, marketing, BMW of North America

■ Andre Oosthuizen, vice president, marketing, Porsche Cars North America

■ Russell Wager, vice president, marketing, Mazda North American Operations.

The event attracts more than 700 members of the East Coast marketing community. Admission is \$295, or \$2,750 for a table of 10. **AN**

Key facts

What: Automotive News Marketing Seminar

When: 12:30 p.m. Sept. 22

Where: New York Marriott Marquis

Cost: \$295 for a ticket, \$2,750 for a reserved table of 10

Exclusive lead sponsor: Tremor Video

Questions: autonews.com/nyseminar or 313-446-0479



Three views of the BMW Concept M4 GTS, which will be sold in the United States.

Special edition M4 concept touts BMW tech

Diana T. Kurylko
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BMW is showcasing new technologies on a concept version of the first special edition M4 coupe, which it showed last week.

The Concept M4 GTS, which will be sold in the United States, debuted at the Pebble Beach Concours d'Elegance.

A production version will be unveiled later this year, but not at the Frankfurt auto show in September, said a BMW spokesman. Pricing, how many will be made and other details will be released closer to the production car's debut, he said.

The Concept M4 GTS is also "racetrack ready," the spokesman said.

The concept features new technologies that will appear on production vehicles later this year, including a water injection system and organic light-emitting diode taillights.

BMW has produced several editions of the M3 — the sedan that shares technologies and architecture with the two-door M4 — but never homologated them for U.S. sales.

BMW also showed the 3.0 CSL Hommage R in honor of its 40th anniversary in North America. The show car, which won't be produced, celebrates "the heady racing success of the BMW 3.0 CSL in 1975," BMW said. **AN**

Add bays? Tool helps FCA stores decide

Dealers can crunch service op numbers

Larry P. Vellequette
lvellequette@crain.com

DETROIT — Fiat Chrysler today, Aug. 17, is introducing an online analyzer that enables dealers to forecast potential returns from expanding their service operations.

FCA US believes its roughly 2,600 Chrysler, Dodge, Jeep, Ram and Fiat dealerships need to add 5,000 service technicians, 1,200 service advisers and about 6,000 service bays by 2018 to keep up with growing consumer demand.

The reason: Growing sales and hundreds fewer dealerships than before bankruptcy —

along with millions of recalled vehicles to fix — can mean long waits for service and potentially unsatisfied customers at FCA US dealerships.

The analyzer uses a dealership's existing service numbers, along with registration data that map active and inactive customers within a geographic region, to paint a picture of the dealership's service operation.

Then, the user is able to change various in-



Gorlier: First be more efficient.

puts — adding or subtracting technicians, changing techs to four 10-hour weekly shifts or three 13-hour weekly shifts, or adding service bays — to see how the costs and potential revenues from the department are affected.

The analyzer also lets dealers see the potential financial impact of improving the percentage of customers still coming in for service one year after purchasing new vehicles. Now, almost two-thirds of customers who buy new vehicles from FCA US dealerships are no longer visiting the dealerships for service one year after purchase.

see **BAYS**, Page 33



■ **Production Line:** GM begins harvesting technology from startups | **PAGE 22** |

"I think the hardest thing is finding the jewels out there in the startup community, and not investing in companies that really don't have the ability to fulfill the promise of the potential."

Bill Coughlin, CEO of Ford Global Technologies

AUTOMOTIVE NEWS ILLUSTRATION

A FRESH START

Automakers scout the startup world for next-wave technology

Vince Bond Jr.
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If there was ever a perfect time for a startup to gain a foothold in the car business, that moment is now.

Innovation from startups is trickling into the auto industry in areas ranging from driver-assist technologies and infotainment to mobility — where outsiders with fresh ideas are stepping up in hopes of finding a niche in the movement of people, goods and services.

Automakers, who know it's risky to ignore this fountain of ingenuity, are forming relationships with companies through endeavors such as "hackathons," in which developers devise apps during competitions, and startup accelerators.



Buczowski: Ford prefers long-term ties.

"The automotive industry looked at how startups have impacted the technology industry over time," said Eric Blumberg, a senior engineer with Honda R&D Americas. "You look at companies like Google, Facebook [that] basically came out of nowhere. I think we realized we have to really get close to these types of companies."

"You can look at the ride-sharing companies, how fast they came out of nowhere. That can really transform the whole business model of automotive."

Manufacturers aren't afraid to acquire startups if they see chances to explore



Hackathons, in which developers devise apps during competitions, help automakers such as Ford forge relationships with promising startups.



► **STUDYING STARTUPS:** Profiles of three auto-related startups | **PAGE 32** | More online: autonews.com/startup

new business models, either.

This was evident last year when Daimler AG, looking to expand its reach in the mobility segment, scooped up intermodal transportation app RideScout for

an undisclosed sum.

Automakers also are open to investing in startups even if they don't acquire them. GM Ventures has invested in companies that specialize in areas such as wireless charging for mobile devices, biofuels and solid-state batteries. General Motors formed its venture capital subsidiary in 2010.

Working with startups not only exposes automakers to new technology, it introduces them to new ways of looking at problems. At the same time, automakers have to school eager startups about the inner workings of mass production — a lengthy process that involves finding larger suppliers to integrate startups' new technologies into vehicles.

One key challenge lies in discovering

see **STARTUPS**, Page 32

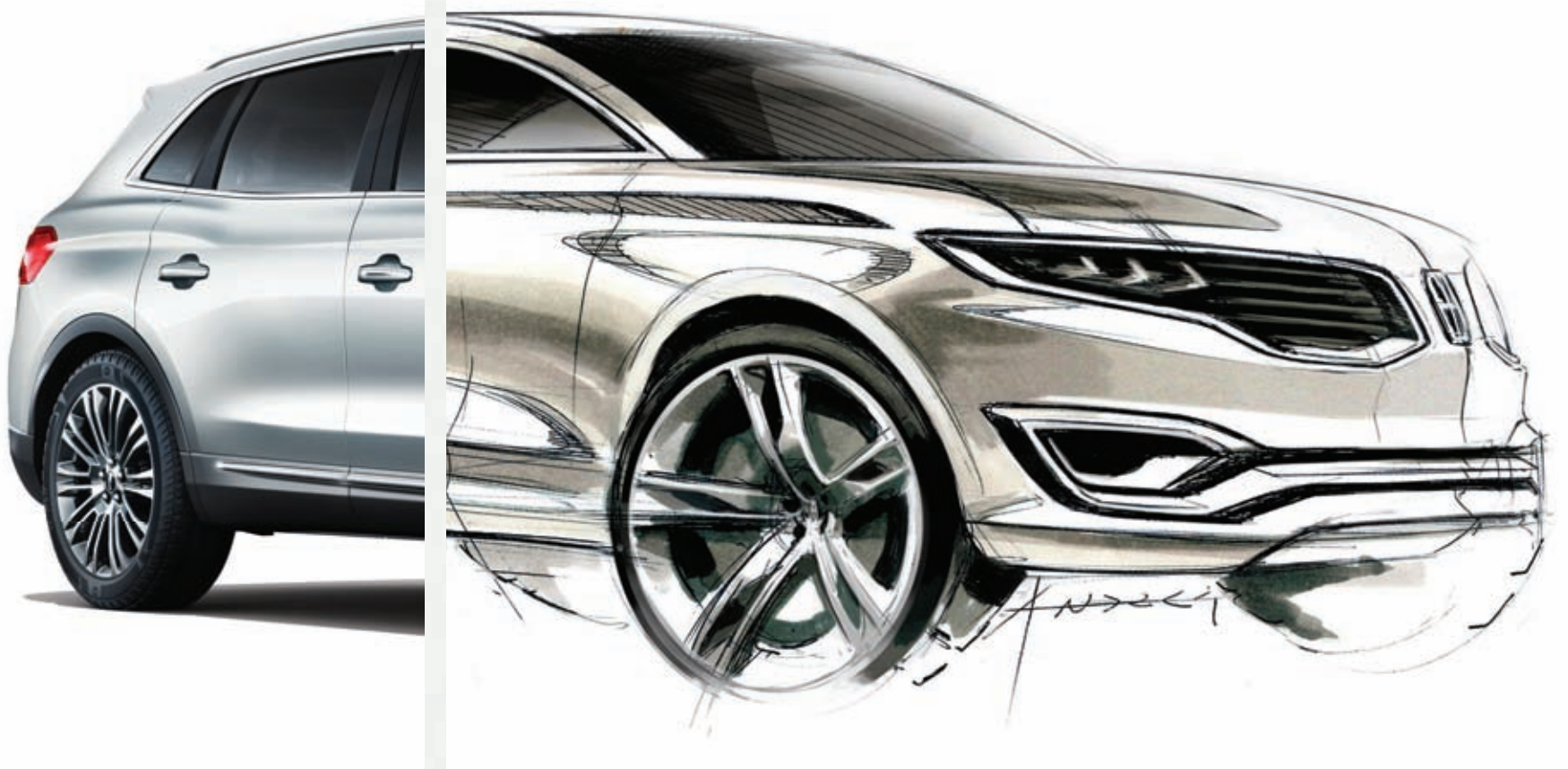
Should I add bays?

To help FCA US dealers plan possible expansion of service operations, an online tool from the automaker crunches such data as these.

- A dealership's current service financials
- The number of potential customers in the dealership's trade area
- The financial effect of adding techs and bays or changing techs' weekly shifts
- The impact of keeping a higher percentage of service customers one year after a new-auto purchase

Source: FCA US

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Redesigned Mercedes C-class coupe gets sleeker roofline

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The redesigned 2017 Mercedes-Benz C-class coupe, with C300 and C300 4MATIC models, is based on the redesigned C-class sedan that debuted in 2014. The coupe shares interior design with the sedan but has a distinct exterior design with a lower, sleeker roofline.

Mercedes says it wants to set a new competitive benchmark for technology, design and performance in the small luxury coupe segment. The redesigned coupe is bigger,

lighter and handles better than its predecessor, the company said last week upon releasing preliminary specs and photos.

The C300 will be powered by a 241-hp, 2.0-liter turbocharged inline-four engine, replacing a 201-hp, 1.8-liter turbocharged inline-four. The coupe also gets an array of standard and optional semiautonomous driving systems.

The C-class coupe is 3.7 inches longer and 1.6 inches wider than the outgoing version, with a wheelbase that is 3.1 inches longer. That means more spaciousness for the dri-

ver and front-seat passenger and more shoulder, elbow and headroom in all seats, Mercedes says. But vehicle line chief Christian Frueh told *Automotive News* that the sleeker roofline will mean less trunk space and reduced rear seat room.

The coupe will debut next month at the Frankfurt auto show and go on sale in the U.S. next spring. A high-performance AMG model and a convertible are expected to go on sale in the fall of 2016.

Mercedes is skipping the 2016 model year

2017 Mercedes-Benz C-class coupe

for the C-class coupe, but the 2015 C250 model remains on sale until dealer inventory runs out.

Mercedes isn't releasing pricing yet but a starting price in the low-\$40,000 range is expected. The C300 will have higher levels of standard equipment than the outgoing model. A typically equipped C300 likely will be in the upper-\$40,000 range. **AN**

Jens Meiners contributed to this report.



The Hyundai Vision G concept: A more luxurious replacement for the Genesis Coupe?

Concept could hint at Hyundai luxe coupe

LOS ANGELES — Hyundai Motor Co.'s Vision G concept with self-opening doors, unveiled here ahead of the Pebble Beach Concours d'Elegance, signals that a coupe may be next to join the brand's luxury-car lineup of the Genesis and Equus sedans.

Hyundai executives have expressed interest in a more luxurious replacement for

the Genesis Coupe, which has been on sale since 2009 but was not updated when the Genesis sedan was redesigned in 2014.

The concept, powered by a 5.0-liter V-8, hints at a possible move within Hyundai's lineup to establish a luxury subbrand, Peter Schreyer, chief design officer for Hyundai and sibling brand Kia, said.

"This represents an inspiration for our future family of vehicles," he said.

Ahead of its debut, Hyundai's coupe went by the code-name HCD-16, with the initials standing for Hyundai California Design. In early 2013, Hyundai foreshadowed its next-generation Genesis with a concept called HCD-14.

—Gabe Nelson and David Undercoffler

Cadillac 'definitely' bringing diesels to U.S. in several years

E LKHART LAKE, Wis. — Cadillac will launch diesel-powered models in the U.S. early in the next decade, said the brand's president, Johan de Nysschen.

At a press event here, de Nysschen said Cadillac is working on four- and six-cylinder diesels that are expected to debut first in Europe, in around 2019.

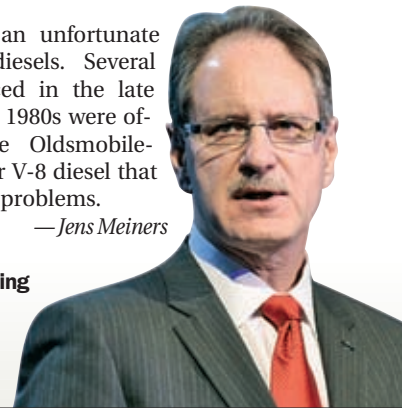
"We will definitely bring them to the U.S.," de Nysschen said.

He did not say which models would be powered by the diesels. Luxury rivals Audi, BMW, Mercedes-Benz and Porsche offer diesel on select models.

Cadillac has an unfortunate history with diesels. Several models produced in the late 1970s and early 1980s were offered with the Oldsmobile-sourced 5.7-liter V-8 diesel that suffered quality problems.

—Jens Meiners

De Nysschen: Cadillac is working on four- and six-cylinder diesels.



Freshened Lexus LX gets 8-speed, updated interior and exterior

A bolder version of the Lexus spindle grille is among the 2016 LX SUV's new exterior features.



MONTEREY, Calif. — For 2016, the Lexus LX gets a dramatically updated interior and exterior, with a more aggressive version of the Lexus spindle grille, LED headlights, revised taillights, and new rear bumper and wheel options.

Inside, the SUV gains a new 12.3-

inch infotainment screen in the revamped dashboard. A new eight-speed automatic transmission replaces the former six-speed, and an adaptive variable suspension keeps potholed roads at bay.

A new standard suite of safety features includes adaptive cruise control, precollision braking with pedes-

trian detection and lane-keeping assistance.

Lexus showed off the freshened LX, one of its most profitable models, last week at this monied coastal enclave during Monterey Car Week.

Pricing will be announced closer to the on-sale date this fall.

—David Undercoffler

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Toyota figures that when the 2016 Tacoma goes on sale on Sept. 10, the problem won't be selling the truck but building enough to meet demand.

Updated Tacoma gets timing right

As competition grows, so does consumers' appetite for small pickups

David Undercoffler
undercoffler@crain.com

SEATTLE — Hollywood couldn't have scripted a better time for Toyota to launch its redesigned Tacoma.

The midsize-pickup market is in the middle of a comeback. Toyota can't build enough of the outgoing Tacomas to meet demand — despite the fact that the current generation of the pickup has been around for a decade and is a dinosaur by industry standards.

Meanwhile General Motors waded back into the midsize market last fall with its Chevrolet Colorado and GMC Canyon, and has been rewarded by robust sales and the Colorado's Motor Trend Truck of the Year award.

Fueled by GM and Toyota's success, the market share for these smaller pickups quickly jumped to 2.1 percent of the light-vehicle market this year through July, according to the Automotive News Data Center, up from 1.5 percent a year earlier. Analysts expect that growth to continue at least through 2016.

So where were all these buyers hiding?

"This is basically coming from the strength of the market," Bill Fay, Toyota Division general manager, told *Automotive News* at the press launch for the Tacoma here. Thanks to easy credit and low gasoline prices, "we've got a 10-year-old truck that's getting very little market-



The Tacoma gets its first redesign in a decade.

ing support but has a huge amount of support in the marketplace," Fay said.

This means when the 2016 Tacoma goes on sale on Sept. 10, the problem won't be selling the truck, but building it. Inventories of the outgoing version dwindled to below a 15-day supply in July, and that's after Toyota added a third shift at its Baja California, Mexico, plant in April.

In addition to a favorable economy, the new models from GM and Toyota are bringing with them new levels of refinement, capability and size that smaller pickups previously didn't offer. That's helping them lure buyers out of everything from midsize sedans to full-size pickups.

Touch-screen navigation systems, quieter cabins, heated leather seats and premium sound systems are now just as common in a midsize pickup as any other segment. Toyota's 2016 Tacoma will even offer a new Limited trim level for the first time, which adds a moonroof to that list of goodies.

"The compact truck segment had gotten pretty stale and it wasn't competitive with other segments," said Ed Kim, vice president of industry analysis at AutoPacific. "All of a sudden that's no longer the case. The arrival of these trucks is really speaking to a consumer need that has been unfulfilled."

Consumers' increased appetite for sophistication should also bode well for Honda's upcoming Ridgeline truck, set to debut in 2016. The original model — on sale from 2005 to 2014 — was derided for not being a "true truck." But consumers should have a newfound appreciation for the added refinement the Ridgeline's unibody platform offers, Kim said.

An uptick in capability and size is another plus for what were once regarded as compact pickups. At 18.7 feet, a long-bed Colorado crew cab is half an inch longer than Chevy's full-size Suburban SUV. The new Tacoma grows about

see **TACOMA**, Page 30

Clout or count? NAMAD debates strategies

Stronger operations trump store ownership, dealer says

Arlena Sawyers
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MIAMI BEACH, Fla. — How best to promote minority dealers? A fire-side-chat session at the National Association of Minority Automobile Dealers' convention here last month aired that long-running debate.

Robert Johnson, chairman of RML Automotive, the nation's largest black-owned dealership group, argued that minority dealers should consider joining forces with each other and other partners to create bigger, more robust dealership groups, even if that meant they don't have a majority stake.

His view is contrary — at least in part — to NAMAD's long-standing position that minority dealers hold

or strive for controlling interest in their stores.

"Should the goal be more minority dealers or should it be more larger, scalable and efficient minority dealers?" Johnson asked during the talk with NAMAD President Damon Lester.

"If that means fewer dealers but you got more scale and you've got more clout and you've got more access to capital and you can employ more people and you can create more value for the dealership" and the automaker, Johnson said, "I would argue that's a good goal."

Lester differed, saying that minority entrepreneurs who go into stores with minority stakes have no management control and often are

"blown out" within 18 months. He also noted that it is difficult for dealers to pass 10 percent of a business to a second or third generation.

Last year, NAMAD persuaded automakers to be consistent in following the association's definition of a minority-owned dealership: count only rooftops that are 51 percent or more owned by minorities. Minority operators who own less than a 50 percent stake but have the ability to buy a majority stake over five to seven years, such as those in dealer development programs with a manufacturer, also are counted.

RML, of Lewisville, Texas, ranks No. 23 on the *Automotive News* list of the top 150 dealership groups



Johnson:
More capital



Lester:
More rooftops

based in the U.S., with retail sales of 24,175 new vehicles in 2014.

Johnson, whose company manages a \$250 million private equity fund, said if NAMAD could persuade auto companies to invest \$100 million in an equity fund dedicated to financing minority dealers, he could raise another \$300 million. He added: "We'd love taking on another fund." **AN**

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Flying high above the competition

Drone shoots unique videos to wow customers

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The Jeff Wyler Automotive Family near Cincinnati is going to new heights to wow vehicle buyers.

The 14-dealership group has purchased a drone — a remote-controlled, unmanned aircraft — to spice up promotions, social media campaigns and vehicle-delivery celebrations, said E-commerce Director Kevin Frye.

BEST PRACTICES

"In a highly competitive market, the need to differentiate yourself has never been more important," Frye said.

This summer, Jeff Wyler Automotive paid \$1,200 for the drone with a high-definition, GoPro camera mounted underneath the aircraft.

The camera is gyro-stabilized to minimize bouncing and disorientation while producing high-quality aerial photos and video, Frye said.

Frye, a former U.S. Navy aviator, said the drone is fun to fly. But Jeff



> VIDEO: See an ad that uses drone footage at autonews.com/dronevid.

Wyler Automotive has serious plans for it.

Perhaps the coolest use will be to provide customers taking delivery of vehicles with a memorable video. The camera will record salespeople handing over keys, hover shots of the driver through the passenger window and the car leaving the dealership.

That's the kind of unique video that customers will want to post to their Facebook pages and other social networks, providing Jeff Wyler with indirect publicity, Frye said.

Frye envisions a multitude of other uses for the drone.

He said the Jeff Wyler Automotive video team has started experimenting with aerial shots of inventory lots to show shoppers the wide se-

Bird's-eye view

The Jeff Wyler Automotive Family has purchased a drone to shoot enticing videos of customers receiving their vehicles. The drone's video also will be used for website, social media and community promotions.



Frye: Indirect publicity

lection that each store offers.

The drone can safely fly up to 400 feet for the wide-angle shots needed to show inventory, he said.

Additionally, the video team has started shooting B-roll video and shots of dealership exteriors, logos and vehicles, Frye said.

Those will come in handy because the group sends vehicle videos and photos to shoppers whenever they inquire about a vehicle either electronically or by phone.

Frye said the customary way of getting aerial dealership footage, hiring

Dan Dorsey of the Jeff Wyler group says the drone can be flown by watching a monitor on the ground.

a helicopter, can easily cost \$800 or more for one go-around. Just having that ability with the drone nearly pays for the cost of it, he said.

Other uses include shooting charitable and promotional events at the stores or highlighting Jeff Wyler's contributions to the community. For example, the drone is being used to shoot the construction site of a new elementary school for the City of Milford, where Jeff Wyler headquarters are located. It also could record parades and fun runs.

Most of the videos and photos will be posted to store websites and social media channels, feeding those ever-hungry beasts for fresh content, Frye said.

The Jeff Wyler group ranks No. 39 on the *Automotive News* list of the top 150 dealership groups based in the U.S. with retail sales of 19,752 new vehicles in 2014.

Frye is no stranger to drones. In 1990, during the buildup to the Gulf War against Iraq, Frye flew on low-altitude missions that required military planes to be wary of early U.S. drones circling battlefields and waterways. That said, Frye and staff still have a learning curve on how best to fly and deploy the drone, he said.

The drone can be flown by watching a monitor on the ground, said Dan Dorsey, Jeff Wyler multimedia production manager. But the team has been using two-person teams with one watching the monitor to see what the camera is shooting and the other acting as a spotter to keep the drone from hitting trees and other obstacles, he said.

Frye said the group is in a trial stage, and there's a chance the video produced eventually will lose the wow factor that makes it desirable today.

That's a risk that the group is willing to take for a leg up on the competition.

"Sure, it could come and go," Frye said. "But when you lead, you have to be willing to bleed." **AN**



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Industry must stop wasteful spending before it's too late

The auto industry must come to grips with its prodigious excess in capital spending. As explored in this week's installment of the *Automotive News* series "Industry on Trial" (see Page 24), automotive companies keep reinventing their own versions of common hardware.

Take two prime examples of wasteful spending:

1. Automakers, for the most part, are spending billions to create their own, unique engines and transmissions. In many cases, this is an ego exercise that brings dubious competitive advantage.

2. Automakers must reinvent dozens, even hundreds, of their own parts to satisfy different regulations in each market, even though the parts accomplish essentially the same function.

The spending to comply with differing regulations is clearly wasted. But automakers have little control over that. They do it because they must.

But they can control unnecessary hardware duplication. Surely, not all of the different three-cylinder engine programs introduced or announced by 12 automakers since 2012 are needed.

Duplicating hardware drives up vehicle prices, threatening industry sales volumes. Yet the capital spending continues. Fiat Chrysler Automobiles CEO Sergio Marchionne argues such waste is unsustainable. He projects that every four years, automakers' product development spending equals their net worth. That compares with every 18 or 19 years for pharmaceutical, defense and aerospace companies — industries also noted for heavy capital spending and government oversight.

An obvious answer is for everybody to stop. Global regulators should harmonize rules in the interest of aiding their own domestic automakers. Automakers should standardize under-the-skin parts.

Teaming up is the way to go, as Daimler and Infiniti and others noted in our story have done.

True, the auto industry has a spotty record with joint ventures and alliances. Still, automakers would be well-served by exploring more partnerships — and while they're at it, investing more in making those tie-ups work. Survival may depend on it.

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Why JLR picked 'Detroit East'

COMMENT

Nitra, Slovakia

Jaguar Land Rover's selection last week of Nitra, Slovakia, for its next assembly plant dashed hopes in the U.S., Mexico and Poland.

Was Slovakia's pick just another low-wage choice?

Hardly.

Sure, Slovak wages are lower than those in the U.S. or Mexico, maybe even Poland. But focusing on that misses a bigger point.

The auto industry is on the cusp of global manufacturing parity.

If you invest a billion-plus in a manufacturing facility, you care about far more than today's labor rates. Assembly plants are amortized over decades and last for generations.

Lifetime efficiencies outweigh today's wage rates. In 20 years, Slovak wage rates will simply be European pay scales.

What else does a site have? Skilled and productive workers? An established supplier base? What about logistics costs, inbound and outbound? Access to primary markets without heavy tariffs? Technology support? A stable-currency environment?

A decade ago, Slovakia couldn't have landed a plant where Jaguar Land

Rover intends to build alloy-bodied luxury crossovers.

In 2004 I was in Slovakia the week it and nine other countries joined the European Union. Volkswagen's Bratislava factory was the country's only assembly plant. But 30 miles up the E58 motorway in Trnava, I watched a construction crew erecting the third wall of a PSA Peugeot Citroen plant.

I avoided visiting Zilina at the time because the road through the Carpathian Mountains to get there was narrow and twisting.

Two years later, Kia built its plant in Zilina after a minister busted the national development budget to build a motorway. Slovakia sacked the minister but honored his deal with Kia.

Now Eastern Europe is an established auto center. Slovakia isn't a frontier; it's smack-dab in the middle of Detroit East, along with Poland, Hungary and the Czech Republic.

Most Americans think of Detroit as

auto central. Well, last year the U.S. — population 330 million — built 11.5 million light vehicles. Slovakia's 5.4 million citizens built a million, the world's highest per-capita rate. To match Slovakian productivity, Americans would need to build 60 million.

Detroit East now houses 14 assembly plants — up from nine a decade ago — all within a 250-mile radius. JLR's will make 15. Most have annual capacity to build 250,000 vehicles or more. That excludes other assembly plants in bordering Romania, Ukraine, Slovenia, Austria and Germany.

Since the turn of the century, Czechs, Slovaks, Poles and Hungarians have built roads and utilities, beefed up education and paid big incentives to become Detroit East.

Now JLR can pick Slovakia not just for low wages but also for its tariff-free EU location, strong supply base, skilled and productive workers, low-cost logistics, solid infrastructure and lower currency risk from manufacturing inside the eurozone.

That's the new parity in auto manufacturing.

You may email Jesse Snyder at jsnyder@crain.com



Jesse Snyder is opinion page editor at Automotive News.

COMMENT

Digital maps are a precious resource

If the global supply of steel, rubber or oil were about to fall into the wrong hands, car companies would be awfully scared.

It's the reason the OPEC oil embargo in the early 1970s sent the auto industry on a scramble for alternatives to foreign oil. It's the reason Henry Ford, sick of doing business with a British monopoly, tried setting up his own rubber plantation, Fordlandia, in the Amazon rainforest.

It's the reason China's control of the global supply of rare earth minerals, crucial to electric cars, is seen as a new geopolitical risk.

And it is the reason Audi AG, BMW AG and Daimler AG, which compete against one another so fiercely in selling cars, were willing to set aside their differences and build a consortium to acquire Here, the mapping unit of Finnish telecom company Nokia.

High-quality digital maps, which will play a crucial role in the connected, automated cars of the future, have basically become a critical resource to the auto industry — the new oil.

There are a few map suppliers, but none as big as Here, which claims to provide maps for 80 percent of cars with in-dash navigation systems.

Along with TomTom and OpenStreetMap, a new alternative that relies on public contributions the way Wikipedia does, Here is the only real alternative to doing business with Google Inc.

Under the acquisition announced this month, the German automakers would pay 2.8 billion euros (\$3.1 billion) for control of Here, which would continue to be run by independent management.

The automakers say they aren't trying to keep the company's maps for themselves or raise prices to competitors to extract profit.

Instead, they say, they are treating maps like a public utility for the industry's common good.

"With the joint acquisition of Here, we want to secure the independence of this central service for all vehicle manufacturers, suppliers and customers in other industries," Daimler CEO Dieter Zetsche said in a joint statement.

To be sure, digital maps aren't a physical commodity like oil. They are hardly tied to geopolitics. There is no danger of a hostile nation pinching off the world's map supply.

Yet maps are a scarce resource.

Building a map database that is sufficiently detailed and reliable to be useful is a hugely expensive endeavor. That means enormous barriers to entry for anyone who might wish to compete against the owners of existing map databases.

If the world's entire supply of roadway maps were to be owned by companies that do not share automakers' core interests — say, by Apple and Google — it could have huge consequences for the evolution of the auto industry.

The strategists at Audi, BMW and Daimler deserve credit for recognizing that risk and mobilizing the resources to neutralize it. Now others in the industry must hope that the German automakers will make good on their word and sell Here's maps to the rest of the industry as a public good, rather than becoming monopolists themselves.

You may email Gabe Nelson at gnelson@crain.com



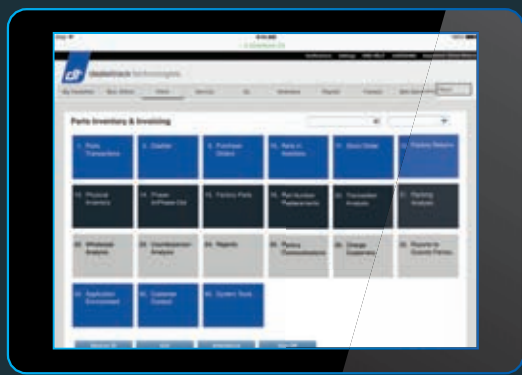
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PART 5: FORD | LINCOLN

Ford enjoying product-blitz payoff

Nick Bunkley
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DETROIT — After two of its biggest new-vehicle launch years in history, Ford Motor Co. will slow things down a bit while it enjoys the payoff.

Most of its most important, high-volume nameplates, including the F-150, Explorer, Edge and Mustang, have been redone. Sales of most of those vehicles are up, and so are transaction prices, leading the company to post record North American

earnings in the second quarter. Ford executives are promising an even stronger performance in the second half of the year as F-150 inventories return to normal levels.

The next 18 months include a few minor refreshes, a redesign of the Super Duty and the introduction of some relatively low-volume vehicles under the new Ford Performance umbrella, including the GT supercar.

Further out, Ford's product plan for 2018 and later appears to be somewhat in flux, particularly with

respect to hybrid and plug-in vehicles. Contract negotiations with the UAW this fall also mean final decisions on where to build some products are yet to be made.

Over at Ford's luxury brand, Lincoln, the future is looking brighter. Ford CEO Mark Fields is devoting more resources and attention to the brand than it got from Alan Mulally. Executives hope the MKX, arriving this summer, and the Continental, on the way in 2016, finally turn the tide for Lincoln. **AN**



Nick Bunkley covers Ford Motor Co. for Automotive News.

WHAT DO THE TERMS MEAN?

- **Freshen:** Minor changes to interior and exterior, such as new grille, fascia, front and rear lights or seat surfaces.
- **Re-engineering:** Significant engineering changes, such as revised powertrain, chassis, suspension, center stack or interior. Often includes some new sheet metal.
- **Redesign:** New platform, powertrain, interior and sheet metal. Engine and transmission could be carried over.
- **New:** A nameplate added to the lineup.

More aluminum and more power

Metal makeovers, performance cars on way

Nick Bunkley
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The Ford brand will get an aluminum-bodied Super Duty and several new high-performance cars in the coming year. Most of its lineup has been recently updated, and another significant round of redesigns is expected just before the end of the decade.

F-150: If you haven't heard, the F-150 was redesigned for 2015 with an aluminum body that helped the truck drop 700 pounds from the previous generation. After lengthy retooling shutdowns at both plants that make the F-150, inventories are rising and projected to return to normal levels by the end of September. F-series sales volumes have fallen slightly because of the changeover, but transaction prices have soared, contributing to record North American profits in the second quarter. Ford is responding to customer de-

mands for high-end F-150s by reintroducing a \$60,000-and-up Limited trim for the 2016 model year. A Raptor high-performance version, unveiled in January, is on tap for 2016.

Also new for 2016 is a sport mode and Ford's

Sync 3 infotainment system to replace MyFord Touch. The F-150 will get Ford's new 10-speed transmission, developed with General Motors, probably for the 2017 model year.

Super Duty: Ford has said it's putting

the Super Duty through the same aluminum lightweighting transformation that the F-150 underwent for 2015. It also may use a good deal of magnesium, as evidenced by a spectacular fire that immolated a Super Duty prototype last year. The lighter weight should create a good bump in towing capability and at least a slight increase in fuel economy. Ford may drop the 6.2-liter, V-8 engine, as it did with the F-150, but definitely will keep the 6.7-liter, Power Stroke, diesel V-8 that was recently revamped. Expect the Super Duty to be revealed at the State Fair of Texas in late September and production to start in May.

Ranger: It's not coming back to the U.S. anytime soon, though executives have acknowledged they are studying the small pickup segment and watching how General Motors is doing in it.

Transit Connect and Transit Connect Wagon: The Transit Connect gets Sync 3 for the 2017 model year, but no major changes



2016 Ford F-150 Limited

see **FORD**, Page 16

TIMELINE

	2015 2ND HALF	2016 1ST HALF	2016 2ND HALF	2017	2018	2019
Ford	Mustang Shelby GT350/ GT350R launch	Escape freshen Focus RS launch	F-150 Raptor launch Super Duty redesign Fusion freshen GT launch	Subcompact crossover launch? Expedition redesign Taurus freshen? Mustang freshen?	Fiesta redesign/replace Focus redesign C-Max redesign/replace	Escape redesign Escape hybrid launch? Explorer redesign Fusion redesign Mustang re-engineering?
Lincoln			MKZ freshen Continental launch	Navigator redesign	MKC redesign?	MKZ redesign Aviator launch



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Lincoln splitting with split-wing grille

Continental, 2 more new nameplates expected

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Lincoln is shifting away from two polarizing features: alphanumeric names and the split-wing grille. By the time the Continental arrives in mid-2016, the MKZ will be the only vehicle that's more than about two years old. Executives have said the brand will gain two more nameplates by 2020.

MKZ: Lincoln's best-selling nameplate gets a refresh in 2016, with the most noticeable change being the loss of its split-wing grille. Spy photos show Lincoln is moving quickly to adopt the more rectangular face of the Continental on other vehicles. The photos also show new headlights and exhaust tips but minor alterations otherwise. The refresh also will replace MyLincoln Touch with Sync 3. A full redesign is scheduled for 2019. Whether the MKZ moniker will be dropped at that point for an actual name (it was originally known as the Zephyr) remains to be seen.

Continental: The Continental will be built in Flat Rock, Mich., on a stretched version of the Ford Fusion's CD4 platform. It will be offered in front-wheel drive and all-wheel drive in its first generation. The production car is said to be extremely close to the concept version, unveiled in the spring at the New York auto show, without so much interior chrome or the tablet computer built into the rear console. Spy photos show that the subtle electronic door handles built into the chrome beltline are part of the final design. The engine is a 3.0-liter, EcoBoost V-6 that's exclusive to Lincoln. Production is set to begin around April 1.

MKS: The 2016 model year will be the MKS' swan song, to hardly anyone's dismay. Sales have fallen each year since 2012, and its departure will mean Ford can instead build about 10,000 more Explorers at the Chicago plant that makes both models.

MKC: Introduced in 2014, the MKC has been a hit for Lincoln, both in the U.S. and China. A redesign could come in 2018, just before or right around the time when the Ford Escape is due for one. Word is there probably won't be anything significant done to the MKC before the redesign.

MKX: The redesigned MKX is Lincoln's

The MKZ will do away with this split-wing grille when it is freshened next year. It also will get Sync 3.



fourth new vehicle in four years, completing a much-needed overhaul of its core lineup. Sales, down 33 percent in the first half of the year, jumped 27 percent in July.

The MKX is loaded with technologies that are new to Lincoln, including adaptive steering, precollision assist and a 360-degree camera. A front camera deploys from behind a retractable Lincoln star badge in the center of the split-wing grille — likely the last time this design appears on a new Lincoln. But the MKX has to wait for the 2017 model year to get the new Sync 3 infotainment system.

The MKX has better handling and a quieter interior than its predecessor, with a package of ride-enhancing features called Lincoln Drive Control.



The Continental is said to be close to the concept version.

The standard 3.7-liter V-6 generates 303 hp and 278 pounds-feet of torque, or buyers can upgrade to a 2.7-liter, EcoBoost V-6 that's rated at 335 hp and 380 pounds-feet of torque. Four up-level Black Label themes are available, including two new ones inspired by 1920s Paris ("The Muse") and horse racing ("Thoroughbred").

The MKX is the first Lincoln to benefit from the brand's 10-year partnership with Harman's high-end Revel division; Revel created 13- and 19-speaker systems specifically tuned for the acoustics of the MKX.

Aviator: Sources said Lincoln plans to add a large crossover on the same platform as the Explorer to fill a gaping hole in its lineup. It's likely to bring back the Aviator name, which was retired in 2005. Production is expected to begin in late 2018, though the vehicle may not reach

dealerships until early 2019.

MKT: The MKT finally could reach the end of the road in late 2018, just before the Aviator arrives.

The MKT is sold primarily to the livery fleets that used to buy black Town Cars, but with the Continental providing a much more appealing option starting next year, it can bow out before causing further embarrassment.

It's been more than two years since U.S. dealerships sold even 600 MKTs in a single month.

Navigator: Along with the Ford Expedition, the Navigator is getting an aluminum-intensive redesign in 2017 as it moves to the F-150's new platform. It was re-engineered for the 2015 model year, gaining a 3.5-liter, EcoBoost V-6.

Coupe or small car: Lincoln has promised two new vehicles by 2020, not counting the Continental. The Aviator will be one, but the second remains unclear. There have been persistent rumors about a Ford Mustang-based coupe, but it's not likely within the next few years.

Lincoln is one of the few luxury brands without a small sedan, but demand has been low on that end of the market.

"We want to cover the core luxury segments" before entering more niche parts of the market, said Matt VanDyke, director of global Lincoln. **AN**

FORD

continued from Page 14

are on the horizon. Currently built in Spain, the Transit Connect is one of the possibilities to replace the Focus at Ford's Michigan Assembly Plant after production ends there in 2018.

Transit: The Transit, introduced to the U.S. in 2014, is far and away the leading commercial van in the U.S. this year, doubling up on the Chevrolet Express through July. It gets Sync 3 for the 2016 model year.

E series: Mostly replaced by the Transit, the E series continues in cutaway and stripped chassis form for business customers.

Subcompact crossover: Ford's U.S. dealers have nothing to compete with the recently introduced Chevrolet Trax and Honda HR-V. The most likely way to take care of that is to start importing the subcompact EcoSport — possibly with a different name to reduce pronunciation confusion with Ford's EcoBoost engines — from In-

dia. Don't expect it to arrive before late 2017, if not a year or two after that. Ford had to give the vehicle a hurried face-lift for the 2015 model year in response to poor sales in Europe, and it doesn't want to botch the launch here by rushing it. A recent report by *The Economic Times* of India said Ford is seeking suppliers to support building at least 90,000 EcoSports a year for the U.S., starting in October 2017.

Escape: The 2016 version of Ford's top-selling crossover is one of the first vehicles to get Sync 3. A refresh is on tap for the 2017 model year. Spy photos show styling changes that borrow from the redesigned 2015 Edge, with a larger grille and narrower headlights. Inside, the gearshift moves

from the instrument panel to the console between the front seats, creating more space for audio and climate controls.

A full redesign of the Escape is expected in 2019, when it likely will be offered with a 1.5-liter, four-cylinder engine and nine-speed transmission. A hybrid version is likely to return at that time.

Edge: A redesigned Edge went on sale in March as the first Ford vehicle to come with an EcoBoost engine as standard equipment. Ford gave the Edge a larger interior, improved its capabilities to allow towing with the base, 2.0-liter engine and added high-tech features such as park as-

GT production is limited to 250 a year.



sist that works for both parallel and perpendicular spaces. After an abbreviated 2015 model year, the 2016 version gets Sync 3.

Explorer: Sales of the Explorer have more than quadrupled since hitting a low point in 2009, at the end of the Explorer's life as a body-on-frame SUV. It was refreshed so substantially for the 2016 model year that Ford considers it to be a new generation. The three-row crossover has new front and rear styling, a more upscale-looking interior and a new, 2.3-liter EcoBoost engine. No Sync 3 until next year, though, because of an early start in production.

Dealers began selling most trim levels over the summer, but the top-of-the-line Explorer Platinum — with a sticker price of \$53,495 including shipping — arrives in September as Ford taps into growing demand for high-end utility vehicles.

The Explorer likely moves to Ford's versatile CD6 platform with its next redesign in 2019.

Flex: It's highly profitable, it sells well in

see **FORD**, next page

future product pipeline

FORD

continued from previous page

California and it has a cultlike following among owners. But because the Flex is the Ford brand's least popular nameplate and rides on an ancient, Volvo-derived platform, it's unlikely to make it to a second generation. Sources said Ford recently gave the Flex a reprieve until late 2018, because why not squeeze as much revenue as possible out of this quirky, three-row crossover until retiring its platform when the Explorer gets a redo?

Expedition: The Expedition and Lincoln Navigator will switch from steel bodies to aluminum shortly after the Super Duty, which is built at the same plant.

A 2014 report on Ford's aluminum strategy from CLSA Americas analyst Emmanuel Rosner listed the changeover as happening in July 2016, but sources said it should actually be about a year later than that.

Ford will be looking to finally gain some ground on Chevrolet, GMC and Jeep in the large SUV segment.

Fiesta: Ford is due to redesign the Fiesta in 2018, when production is widely expected to shift from Mexico to Thailand. But sources say the company instead could replace the Fiesta with a new, Mexico-built, subcompact car, with or without the Fiesta name.

Whatever route it chooses, Ford likely will offer a car that's larger than today's Fiesta to better compete with the Honda Fit and address complaints about a cramped back seat.

It's expected to lose its dual-clutch transmission, another source of customer frustration, possibly to be replaced by a continuously variable transmission.

Focus: Ford said in July that its Michigan Assembly Plant will stop building the Focus and C-Max in 2018, when they are redesigned. Focus production is expected to leave the U.S. for Mexico at that time, potentially replacing the Fiesta in Cuautitlan. Sources say the Focus will get a more rounded look like the Fiesta and also drop its dual-clutch transmission.

The high-performance Focus RS, coming to the U.S. for the first time, arrives in 2016 for what is expected to be a two-year run. The RS will be imported from Germany, and its 2.3-liter, four-cylinder EcoBoost engine will generate more than 315 hp, but Ford hasn't divulged full specs yet.

C-Max/new hybrid: Sales of the C-Max have plunged since Ford twice restated the car's fuel economy ratings and compensated owners for the discrepancy.

Ford is working on a vehicle that likely would replace the C-Max in 2018 and be offered in a similar variety of hybrid formats but without the baggage of the C-Max name.

The new hybrid, code-named C240, would be designed to take on the Toyota Prius more directly than the C-Max, which lost its marketing advantages when the mileage ratings were restated. It could be built at Michigan Assembly, along with

other hybrid vehicles to replace Focus production.

Fusion: Ford's best-selling U.S. vehicle after the F series will get a minor face-lift in 2016 to give it a more upscale appearance.

Spy photos show new headlights, taillights and bumpers while the Aston Martin-esque grille remains. When it's redesigned in 2019, the Fusion likely will move to a smaller platform, making it lighter and more fuel efficient.

Taurus: Ford unveiled a redesigned Taurus for China this year but has steadfastly refused to discuss the car's future in North America, where sales have fallen off sig-

nificantly. It appears the current version of the Taurus, introduced in the 2009 model year and freshened in 2011, will remain on sale here for at least two more years. If sales here continue to slide, Ford ultimately could decide to pull the plug on a North American Taurus and instead focus on China, where large sedans are more appreciated these days.

Mustang: Since the Mustang's redesign for the 2015 model year, sales have soared in the U.S. — blowing away the Chevrolet Camaro, which is months away from its own overhaul — and demand in overseas markets continues to grow.

The Mustang Shelby GT350 and GT350R arrive this summer. The GT350, priced at about \$49,000, mates a six-speed manual transmission with Ford's first-ever flat-plane production V-8, generating 526 hp and 429 pounds-feet of torque.

The GT350R, a \$13,500 upgrade, cuts 60 pounds by swapping the aluminum wheels for carbon fiber. The R also forgoes air conditioning, a back seat and an audio system to make it more nimble on the track.

For the 2018 model year, the standard-issue Mustang may get a new front fascia and a 10-speed automatic transmission. A source said

Ford will offer a Mach 1 edition around the same time. The next major update would be due in 2019 or 2020.

GT: The GT, quietly designed in a hidden basement room, will generate more than 600 hp with its twin-turbo, 3.5-liter EcoBoost V-6. Ford will race the aluminum and carbon-fiber supercar in next year's 24 Hours of Le Mans and start selling it in late 2016, but probably not to you. Production will be limited to 250 cars a year, and the price is expected to come in around \$400,000. They'll be made in Markham, Ontario, by Multimatic Motorsports. **AN**

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8% margin? Nissan's Mann has a plan

Exec: Goal won't be easy but it's doable

Hans Greimel
hgreimel@crain.com

YOKOHAMA, Japan — Trevor Mann stacks his canned beans upside down so the beans settle at the top. With one fluid motion, he can pull a can down from the cupboard, peel the pull-tab top and dip into a perfectly mixed puree, as the beans gravitate downward.

That sort of fanatical efficiency has led Mann, over 30 years, from the factory floor at an assembly plant in Britain to his post as Nissan Motor Co.'s chief performance officer, where he leads a drive to improve profit margin and plant productivity.

His drive is paying off.

In the quarter that ended June 30, Mann helped Nissan get within striking range of a long-elusive goal that CEO Carlos Ghosn wants achieved by March 31, 2017: a global operating profit margin of 8 percent.

That goal is enshrined as the second "8" in Ghosn's Power 88 multi-

year business plan. The first "8" stands for the goal of an 8 percent global market share.

Thanks to a mix of improved factory utilization levels, higher sales and favorable exchange rates, Nissan's operating margin leapt to 7.0 percent in the April-June fiscal first quarter, up from 5.8 percent a year earlier.

Confident?

Still, getting to an 8 percent margin in the next 19 months won't be easy.

The upbeat if understated Mann insists that Ghosn's 8 percent margin target is "absolutely" obtainable. Indeed, he notes, Japan's No. 2 automaker is ramping up productivity and profits thanks to a host of actions.

At Nissan, years of capacity buildup are coming online. "We've built new manufacturing facilities in Brazil, Thailand, Russia, China," Mann said. "We've finished all significant investment from an industrial footprint point of view, so we should start reaping the benefits."



Trevor Mann's task: Replicate Sunderland's success worldwide.

He also has broken annual productivity targets into quarterly milestones that are less imposing to the six regional heads reporting to Mann. "How do you eat an elephant?" he asks. "One bite at a time."

Mann, a manufacturing engineer, keeps a traditional Japanese kite in his office that was given to him by

the man who initiated him to Nissan's production methods some 30 years ago at the company's Oppama plant south of Yokohama.

Wait or fight?

Mann had been with the company just two weeks in Britain when he was sent to Japan for three months of training at the hands of now-retired taskmaster Masaru Kodama. "He was very thorough and made sure we got the detail right. And he was very persistent with me," Mann said. "He taught me about much more than just building cars."

That training paid off in the mid-2000s. Mann had entered Nissan as a foreman at the country's Sunderland assembly plant in 1985. Two decades later, Mann and then-plant manager Colin Dodge were scrambling to keep Sunderland afloat.

They brought suppliers into the plant to lift efficiency and cut logistics costs. They also diversified its procurement base to eurozone suppliers to better balance exchange rate losses when the British pound swung against the euro.

"We had two choices. Wait and see what happens or stand up and fight," Mann said. "And we decided to stand up and fight."

Thanks to the overhaul, Sunderland won production of the Qashqai compact crossover — and the risk it entailed. The Qashqai was pioneering a new, untested segment. The vehicle ended up being a huge hit. Sunderland has produced more than 1.5 million Qashqais since.

In the early 2000s, the factory made 300,000 vehicles with 5,000 workers, Mann said. By the late 2000s, thanks to the efficiency tweaks, it was churning out 500,000 vehicles with 5,500, he said.

'British mafia'

Mann emerged as part of Nissan's self-styled "British mafia," a group of British executives who eventually took global roles at the automaker's Japan headquarters. Others included the now-retired Dodge, Mann's predecessor as chief performance officer, and Andy Palmer, a former executive vice president who left Nissan in 2014 to become Aston Martin's CEO.

"He's a hard-core manufacturing guy," said fellow mafia alumnus Simon Sproule, a former Nissan global communications chief who now handles marketing and communi-

Trevor Mann

Title: Chief performance officer

Company: Nissan

Age: 54

Nationality: English

Responsibilities: Oversees Nissan's regional operations; leads emerging-markets Datsun brand and the global aftersales business unit

Education: Manufacturing and engineering technology, Durham Technical College

Joined Nissan: 1985 as team leader, trim and final assembly, Sunderland plant

First car: Yellow 1983 Mini

In his garage: Nissan Skyline Coupe and Leaf, Infiniti QX70

Pet peeve: Inefficiently loaded dishwashers

Quote: "Communication is one of the most difficult things you do. Because once you stand up and say it, then you've got to do it."

cations at Aston Martin, of Mann. "He understood how to screw a car together. He's very disciplined, and the Japanese love discipline."

Mann's task now: Replicate Sunderland's success worldwide.

Of Power 88's two 8 percent targets, Mann said the 8 percent global market share has slid to December 2017 on the timeline. But the profit margin is still "a must" by spring 2017.

"That's the level that is required of a company of our size in order to generate enough to keep our business refreshing in expansion and investment in new models," he said.

Some analysts say Nissan has momentum on its side.

While China's slowing growth remains a wild card, North America, Europe and Japan are chipping in healthy profits.

"They are starting to knock on the door of that goal, and going forward they have a few things that can help," Chris Richter, an auto analyst for CLSA Asia-Pacific Markets in Tokyo, said of the 8 percent margin goal. "The critical question is whether it's sustainable."

Mann says yes.

"We're not going to dive for the line and do that on the 31st of March 2017," Mann said. "This is going to be a sustainable 8 percent. And I believe we can do that." **AN**

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Fleet buyers eased off in July

Jesse Snyder
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Consumers really did overachieve on those unexpectedly robust July auto sales, because many fleet buyers took the month off.

U.S. light-vehicle volume rose 5.3 percent in July, a seasonally adjusted annual selling rate of 17.6 million.

But fleet sales dropped 0.9 percent in July among the seven best-selling automakers that dominate the segment. The group's retail sales rose 6.5 percent.

The slip in fleet sales was due to General Motors, which slashed its fleet sales almost 20 percent while its retail sales jumped 14 percent. GM is focusing on retail and cutting fleet, which executives describe as less profitable.

By contrast, Hyundai-Kia July retail increased 2.8 percent but fleet soared 30 percent. Through seven months,

its retail volume is down fractionally, but fleet is 22 percent higher.

The rest of the group recorded July gains in both retail and fleet activity.

For decades, the Detroit 3 dominated U.S. fleet markets, especially full-size pickups, SUVs and vans and police sedans.

Import brands have narrowed the gap, though. For instance, Nissan North America has introduced several light commercial vehicles.

The change shows in the model mix. In 2010, the Detroit 3 ranged from 28 and 36 percent fleet sales. Among imports, Hyundai-Kia was high at 17 percent and Toyota lowest at 8.5 percent, excluding Honda which has no factory fleet business.

In the first seven months, Ford Motor has a 30 percent fleet mix, GM 24 percent, Hyundai-Kia and Fiat Chrysler are tied at 20 percent, Nissan is at 17 percent and Toyota 11 percent. **AN**

Retail vs. fleet sales

Estimated retail and fleet volume for July 2015 vs. July 2014

	July 2015 retail sales	July 2015 % retail	July 2014 retail sales	July 2014 % retail	July change
RETAIL					
General Motors	225,000	83%	197,100	77%	14.1%
Toyota Motor	203,900	94%	202,800	94%	0.6%
Ford-Lincoln	170,800	77%	162,000	76%	5.4%
FCA US	157,600	89%	149,300	89%	5.6%
American Honda	143,400	98%	133,200	98%	7.7%
Nissan N.A.	112,200	86%	103,400	85%	8.5%
Hyundai-Kia	105,500	83%	102,600	86%	2.8%
Top 7	1,118,400	86%	1,050,400	85%	6.5%
FLEET					
	July 2015 fleet sales	July 2015 % fleet	July 2014 fleet sales	July 2014 % fleet	July change
Ford-Lincoln	52,000	23%	50,200	24%	3.5%
General Motors	47,500	17%	59,000	23%	-19.5%
Hyundai-Kia	21,800	17%	16,800	14%	30.4%
FCA US	20,400	11%	18,400	11%	11.1%
Nissan N.A.	18,700	14%	18,100	15%	3.4%
Toyota Motor	13,200	6%	13,000	6%	1.5%
American Honda	2,900	2%	2,700	2%	7.7%
Top 7	176,500	14%	178,200	15%	-0.9%

Source: Automotive News Data Center, manufacturers, industry sources

Joe Verde

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Harley-Davidson seeks dealer diversity

Arlena Sawyers
asawyers@crain.com

MIAMI BEACH, Fla. — Harley-Davidson Motor Co., whose dealer network and customer-base are mostly white men, wants to become more culturally diverse to match an increasingly diverse population.

That's why John Nowicki, the motorcycle maker's manager of dealer development, has attended the annual National Association of Minority Automobile Dealers conference for three straight years.

Operational similarities between selling cars and selling motorcycles make car dealers good candidates for Harley-Davidson dealerships, he said.

"We want to become culturally diverse in our dealer network," Nowicki said last month during the conference here. "This is a great opportunity to talk to a lot of people and see if some are interested in becoming dealers."

Harley-Davidson had 694 dealerships and secondary retail locations as of Dec. 31, the company's most recent annual report said. The Harley-Davidson website lists 19 U.S. dealership points as available.

Minorities operate about a dozen of the active locations, NAMAD President Damon Lester said. Tom

Diversity at Harley

Harley-Davidson wants a more diverse dealer body. Here's Harley's market share among buyers of motorcycles with 601cc and larger engines in several demographic groups.

BUYERS	2014	2008
African-Americans*	54%	38%
Hispanics*	60%	45%
White women*	64%	50%
Adults under 35	45%	32%

*Over age 35
Source: Harley-Davidson

Moorehead operates two of those stores. Moorehead has been a Harley-Davidson dealer for about 18 months, and he owns BMW, Mini, and Rolls-Royce dealerships, all in the Washington area.

Moorehead said Harley-Davidson's aging dealer body combined with the growing population of minorities in general and those riding motorcycles has helped the company recognize that "they are going to need more people who look like us to sell their brand."

Harley-Davidson's website indicates that at least 60 percent of its sales are to white men older than 35, but that's changing. Sales are growing among minorities, women and people under 35. **AN**



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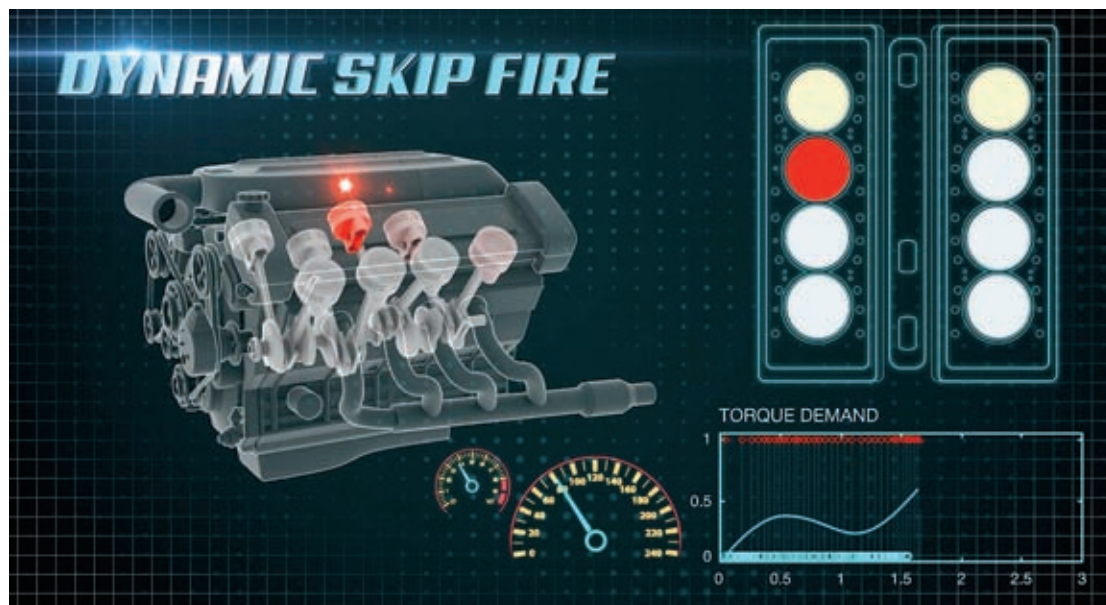
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GM is introducing tech from startups it has backed. Some Cadillac models feature a wireless phone charger, left and above, from Powermat Technologies. Dynamic Skip Fire software from Tula Technology, top, improves the efficiency of cylinder deactivation.

GM starts harvesting tech from startups

Purchasing exec: We're 'sharing the risks and rewards'

David Sedgwick
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TRAVERSE CITY, Mich. — General Motors is starting to harvest technology from the 20-plus startup companies in which it has invested.

GM global purchasing chief Steve Kiefer said the automaker is starting to install gadgets and technology that were bankrolled by GM Ventures, its venture capital unit. Launched in 2010, GM Ventures is scouting startups with technology related to infotainment, vehicle electrification, fuel economy, advanced materials and autonomous driving.

A few examples:

■ New software from Tula Technology Inc. will improve the efficiency of cylinder deactivation. Current technology employs a fixed pattern of deactivation — say, half the cylinders of a V-8 engine. Tula's software, dubbed Dynamic Skip Fire, allows the engine control unit to adjust each cylinder's individual firing pattern continuously.

■ Several CUE-equipped Cadillac models feature a wireless phone charger designed by Powermat Technologies Ltd. The motorist places the smartphone on a rubberized pad, and an electromagnetic field recharges the battery.

No need for a wire connection. CUE is a smartphone-like navigation screen that lets the driver control various infotainment features.

During an Aug. 6 presentation at the Center for



Steve Kiefer: "We are fast-tracking innovation into our vehicles."

Automotive Research's Management Briefing Seminars here, Kiefer said GM Ventures is gaining momentum.

"Two or three technologies have started to bear fruit," he said. "We are fast-tracking innovation into our vehicles."

Kiefer says GM is taking other steps to speed the introduction of technology.

Previously, suppliers were irked by the automaker's terms-and-conditions contract, which allowed GM to dictate how it would make use

of a supplier's intellectual property.

Now "we are getting much more flexible on intellectual property sharing and how we are sharing the risks and rewards" of new technologies, Kiefer said.

And for some of the most costly technologies, GM is sharing development costs with other automakers.

For example, GM teamed with Ford to design a new 10-speed transmission for rear-wheel-drive vehicles. And it is working with Honda to develop a fuel cell that should be ready for a production decision by 2020.

That sort of collaboration permits economies of scale — a critical factor for fuel cells, which if produced would be built in small numbers.

"We're trying to be the automaker of choice for suppliers," Kiefer said.

"We want you to bring your technology to General Motors first." **AN**

Finelli gets serious about improving supplier relations

Reforms, rethinking bonuses, could add to 'huge shift' in FCA purchasing

David Sedgwick
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TRAVERSE CITY, Mich. — In various surveys, suppliers have given Fiat Chrysler's purchasing unit low grades. Tom Finelli, the automaker's vice president of purchasing in North America, wants to change that.

On Aug. 6, Finelli told attendees of an industry conference here that his company has launched half a dozen initiatives — big and small — to make it easier for suppliers to work with FCA US.

NEWS ANALYSIS

Finelli drew the most attention when he announced the company no longer would require its parts buyers to meet individual cost-savings goals.

But FCA US has other reforms underway, Finelli said. With the aid of its supplier council, the company identified six reforms that would make it easier for suppliers to do business with FCA US. Finelli described two of them.

First, the company purchased more returnable containers for suppliers' parts shipments. Because of a chronic shortage of returnable containers, suppliers have had to use expendable containers — sometimes at their own expense.

Second, FCA will compensate suppliers for tooling purchases without requiring a verification process, as long as the tooling costs less than \$5,000.

FCA also has started holding weekly teleconferences with Tier 1 vendors to share its production forecasts for each assembly plant. That helps suppliers figure out how



"In some ways, it's a little bit of motherhood and apple pie. We are striving to make these changes quickly."

Tom Finelli, FCA US

much overtime to schedule.

The company also has added the Original Equipment Suppliers Association to its supplier council, giving that industry organization a direct pipeline to FCA's purchasing executives.

Finelli conceded that some of these changes were overdue. "In some ways, it's a little bit of motherhood and apple pie," he said. "We are striving to make these changes quickly."

As Finelli acknowledged during his presentation, FCA's relations with suppliers have been strained for years. In May, a survey by Planning Perspectives Inc. rated FCA's supplier relations lower than those of Toyota, Honda, Ford and Nissan.

FCA was tied with General Mo-

see **FINELLI**, next page

FCA gives some no-bid contracts to suppliers

David Sedgwick
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TRAVERSE CITY, Mich. — Fiat Chrysler is adopting long-term, no-bid contracts to help boost quality and improve the company's relationships with suppliers.

Tom Finelli, FCA US purchasing chief, says the automaker awarded business to 24 suppliers for components for the next-generation minivan, part of a pilot project to involve suppliers earlier in vehicle design.

By dropping traditional bids, "it gives us more time to design, validate and launch new components," Finelli said this month at the Center for Automotive Research's Management Briefing Seminars here. "We are bringing

suppliers in earlier — well before we normally would."

In 2012, then-purchasing chief Scott Kunselman told *Automotive News* that the automaker had negotiated "a very limited number" of no-bid contracts, and that the company planned to OK more such deals for future projects.

During the seminars, Finelli confirmed that one of those projects is the next-generation minivan. The redesigned Chrysler Town & Country is due in showrooms in late spring 2016, sources say.

Early results look promising, he said. "In every case, we met our cost objectives for the car," Finelli said. The pilot program shows

see **CONTRACTS**, next page

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the week on the web

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Most-read story: GM: New 'no-bid' strategy catches on with suppliers

> Hyundai hires Dean Evans as marketing chief

Dean Evans, who managed the feel-good advertising at Subaru from 2011-14 and pushed the automaker to concentrate more strongly on digital marketing, has been hired by Hyundai as its U.S. marketing chief. The announcement ends Hyundai's nine-month run without a marketing leader. Evans, now 47, was chief marketing officer at Subaru of America until the spring of 2014, when he left to become CEO of software company LotLinX.



Evans

> TrueCar probe closed

U.S. antitrust enforcers have closed an investigation into whether auto dealers ganged up against shopping website TrueCar in 2011 and 2012 in order to raise prices, TrueCar said in a securities 10-Q filing. The company said it had responded to a request for documents from the Federal Trade Commission and considered the matter to be closed.

> Nissan will supply cars for \$5-an-hour campus program

Nissan will begin supplying cars to college students for \$5 an hour through a campus car-sharing venture by Enterprise Rent-A-Car. The Enterprise venture will offer various Nissan nameplates on about 90 U.S. college campuses. The \$5 expense includes insurance and fuel costs.

Source: Automotive News, Bloomberg, Reuters



> Tesla seeks \$500 million via stock sale

Tesla filed to offer 2.1 million shares to raise about \$500 million to expand the business beyond the addition of an SUV next month. The company said the proceeds will be used to expand the company's retail operations, charging network and energy-storage business as well as to develop the world's largest battery factory and a more-affordable electric car called the Model 3.



by the numbers

311 The number of miles per charge expected from Audi's new batteries for electrically powered SUVs. The Volkswagen Group premium brand will get cell modules for the batteries from LG Chem and Samsung SDI. The South Korean suppliers will source the batteries from plants in Europe.

on our radar

■ **08.18:** Inaugural Women in Automotive Conference in Orlando begins

FINELLI

continued from previous page

tors, and it scored better than Volkswagen, which was rated separately in the report. The report sharply criticized FCA's buyers, whom it rated last in all of its metrics.

While Finelli did not mention the Planning Perspectives report by name, he acknowledged the company's own supplier survey in March 2014 revealed similar problems.

Suppliers "told us we weren't focused enough on quality while we were focused too much on cost," Finelli said. "This triggered a huge

shift in our approach to our sourcing perspective."

Starting in January, the company's purchasing staffers will work as teams to meet cost-cutting goals. If one buyer needs to offer higher prices to a supplier, another buyer could make up the difference.

Under this approach, the first buyer's bonus tied to cost cutting would not be in jeopardy for missing an individual cost target.

Conclusion: The best way to change a buyer's behavior is to change his or her bonus formula.

So, do these reforms signal a new attitude at FCA? Early indicators are promising.

Julie Fream, CEO of OESA, praised FCA for allowing the organization to join the supplier council. She also called the automaker's decision to eliminate the shortage of shipping containers "a win-win for FCA and the suppliers."

Another good sign: FCA is adopting no-bid contracts, in which suppliers are invited in early on auto development programs. (See story, Page 22.)

The widespread use of long-term, no-bid contracts won't be possible unless FCA dramatically improves relations with suppliers. And that appears to be exactly what Finelli wants to do. **AN**

CONTRACTS

continued from previous page

"that you can award contracts to the highest quality suppliers and get low costs at the same time."

With traditional bids, the lowest price often trumps other factors such as quality and technology. Bidding chews up several months, and suppliers can't offer creative cost-cutting ideas because the automaker has frozen the vehicle's design.

With the security of a long-term contract, suppliers are more willing to invest in additional production capacity, said Julie Fream, CEO of

the Original Equipment Suppliers Association.

"Long-term, no-bid contracts are generally good for both automakers and suppliers," Fream wrote in an email. "Long-term commitments allow suppliers to consider longer-term payback periods for capital investments."

No-bid contracts give suppliers more predictable revenue, allowing them to invest with reduced risk. Suppliers also have an opportunity to propose cost-cutting ideas before the automaker freezes a vehicle's design.

If Finelli expands the use of long-term, no-bid contracts, it would be reminiscent of the cooperative ap-

proach taken by former Chrysler purchasing chief Tom Stallkamp.

Stallkamp's SCORE purchasing system in the 1990s required suppliers to propose cost-cutting ideas and shared the savings with them.

Chrysler dropped that program after it was acquired by Daimler AG in 1998. But Finelli appears convinced of the merits of no-bid contracts.

During the seminars, he told attendees that traditional bids added about 10 weeks to vehicle design. "This is just churn in the system," he said. "By taking 10 weeks out of the sourcing process, we can give that time back to the product development team." **AN**

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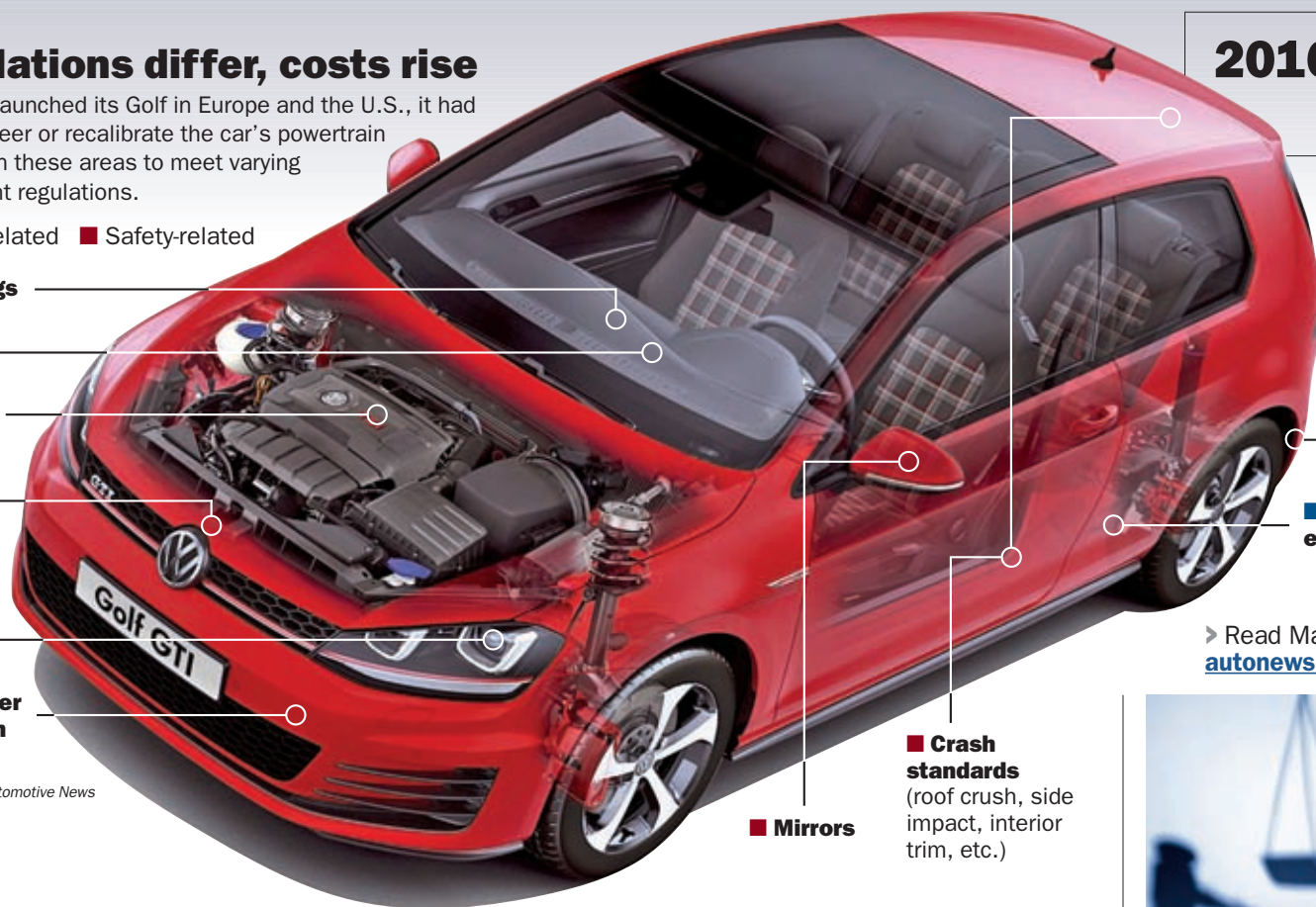
Regulations differ, costs rise

When VW launched its Golf in Europe and the U.S., it had to re-engineer or recalibrate the car's powertrain and body in these areas to meet varying government regulations.

■ Powertrain-related ■ Safety-related

- Airbags
- On-board diagnostics
- Fuel quality
- Pedestrian safety
- Headlights and lighting
- Bumper strength

2016 VW Golf



■ Tailpipe emissions, gasoline and diesel

■ Evaporative emissions

■ Crash standards (roof crush, side impact, interior trim, etc.)

■ Mirrors

Source: Volkswagen, *Automotive News*

> Read Marchionne's case: autonews.com/capitaljunkie



WRETCHED EXCESS

Duplicating vehicle engineering pushes costs and prices higher

Amy Wilson
awilson@crain.com

Since the beginning of 2012, at least 12 major global automakers have introduced or announced plans to launch small, three-cylinder engines. The estimated total cost to engineer those distinct, proprietary three-cylinders: a staggering \$10 billion to \$12 billion.

Yes, engines are supposed to be a big differentiator for consumers. But many car buyers just don't care, particularly when it comes to the budget cars most often powered by small-displacement engines. Automakers spending that money typically won't get a premium for developing their own engines for such cars.

This development blitz for three-cylinder engines is just one example of the enormous amount of duplicative, and hence wasteful, engineering in this industry. It's costly, often unnecessary, and Fiat Chrysler Automobiles CEO Sergio Marchionne accuses this "addiction to capital" of destroying valuations for automakers and suppliers.

"In principle, Marchionne is right,"

"In principle, Marchionne is right. The auto industry develops the same things 10 times over."

Karl-Thomas Neumann
Opel CEO

Opel CEO Karl-Thomas Neumann said. "The auto industry develops the same things 10 times over."

With increasing emissions and safety mandates, the lack of uniformity among country-by-country regulations and a push toward connected cars, the problem will only get more acute.

What's at stake: the very size and health of the auto industry. If automakers don't solve this problem and find ways to hold costs down, vehicle prices will soar and new-vehicle sales will fall.

"It will affect us all," Auto-Nation CEO Mike Jackson said. "It's not healthy for the long-term sustainability of the industry."

Indeed, the auto industry lags far behind other capital-intensive industries in a key spending measure, says Marchionne. By his calculations, every four years, on average, automakers invest in product development a sum equal to what their companies are worth. That compares with every 18 years for pharmaceutical companies and 19 years for aerospace and defense companies.

What do they get for the money? Marchionne says 45 to 50 percent of the cost of developing new vehicles is

Global regulations drive up engineering costs

Richard Truett
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A tangled web of differing global regulations — mostly covering emissions and safety — forces automakers and suppliers to spend billions on redundant engineering.

A European automaker had to design, test and produce a completely different rear suspension for one of its cars in North America because there wasn't room in the European design for a part needed to meet U.S. emissions standards. A U.S. carmaker spent \$42 million changing 100 parts so that it could sell one of its cars in Europe.

For global automakers, differing standards for bumper strength, lighting, pedestrian safety, crash-worthiness and so on add billions to product development costs. Every time a part has to be re-designed to meet conflicting regulations, costs climb.

Headlights that work fine in Eu-

rope can't be used in the U.S. Interior knobs that are OK in the U.S. don't meet Europe's rules. Unified global emissions rules would free engineers to work on other projects.

It's not just government regulators. Automakers also are to blame for wasting money.

A maker of lithium ion batteries told *Automotive News* it is still in the red because each company it supplies requires batteries that are shaped and sized differently, making economies of scale impossible.

Prices for commodity parts that perform the same functions are pushed higher, says a former product development chief for a European automaker, by automakers' differing validation standards.

His solution: "Take everything that is not customer noticeable — things behind the dash, and radiators, hoses, clamps and all that crap. Then you say: 'Engineers, you have one catalog to choose these items from.'" **AN**

spent on components that are not discernible to customers. That percentage may even be too low. Tim Manganello, former BorgWarner CEO, said "50 to 60 percent, I think, is conservative," noting that Volkswagen Group tunes the same engines and transmissions to deliver different personalities and feeling for its numerous brands.

FCA says it has or will have three- and four-cylinder engines that overlap with

similar-sized proprietary engines at nine major global automakers.

Does the industry need that many, which come at a typical development cost of \$1 billion or more per program?

Absolutely not. That's why more sharing and other cost-savings strategies are happening. For instance, Daimler and Renault are jointly developing one of

see **EXCESS**, next page

EXCESS

continued from previous page

those coming three-bangers. Other automakers — such as BMW — are developing engines in a modular fashion, so that the cylinder design and components can be shared across three-, four- and six-cylinder and larger engines.

Car buyers used to be highly sensitive to engine differentiation. In 1977, General Motors landed in hot water after customers discovered the company had put Chevrolet engines in Oldsmobiles, Buicks and Pontiacs. The company eventually settled a raft of lawsuits at an estimated cost of at least \$30 million.

But times have changed. When BMW rebooted the Mini in 2001, it was an immediate hit — with an engine designed by Chrysler and BMW-owned Rover. The car later got a Peugeot gasoline engine, and a Toyota diesel one, before BMW installed proprietary BMW engines in 2014.

In 2004, GM put a Honda V-6 in its Saturn Vue crossover. The engine was a nonissue for Saturn buyers before being replaced by GM engines in 2007.

In some cases, it matters. Luxury and sports-car brands arguably must showcase proprietary powertrains. In a recent poll of visitors to Autotrader.com, a



Jackson: Health of the industry is at stake.

vehicle shopping website, about half said they would find it very important if their vehicle had an engine made or developed by a different automaker. Even so, Daimler and Nissan plan to put Infiniti engines into Mercedes-Benz cars.

Sometimes an engine provided by another automaker can be seen as a positive. In 2005, there was a run on Range Rovers powered by BMW engines because the BMW engine was about to be dropped, a prominent dealer recalls.

Engineers and automaker executives can be their own worst enemies when it comes to sharing.

A senior powertrain executive at a major automaker concedes that engine sharing makes sense for smaller cars. But, he notes, there is a natural resistance that must be overcome within the companies. “We know, as powertrain engineers, we love our engines more than the customers” do, the executive said. “So we have to be really sober about what they are willing to pay for, and we have to focus on cost.”

Bob Lutz says a major reason the Daimler-Chrysler merger failed was the two factions didn’t figure out how to share engines.

“You had the hubris as part of [the] Mercedes side that said, ‘We will never use a Chrysler engine,’” Lutz, a former Chrysler president, said. “I have news for you: Our four-cam, V-6 engine 3.2-liter was every bit as good as the equivalent Mercedes-Benz.” But Daimler executives viewed such a move as polluting the Mercedes-Benz brand, he said.

At Ford Motor Co., it took 20 years of trying and Alan Mulally’s mandate as an outsider CEO to get the company’s regional units on board with sharing global vehicles. It paid off. By selling, for instance, one Ford Focus in both Europe and North America, Ford slashed costs without hurting sales.



Dealers fret over prices, split on parts sharing

Amy Wilson
awilson@crain.com

Rising costs will cut into vehicle sales, hurting auto retailers. And while more parts sharing among automakers could help trim costs and keep new cars affordable, dealers say there are limits to doing so, an online, unscientific survey of auto retailers by *Automotive News* found.

Engine sharing, for instance, is a step too far for some consumers, they said. (See survey at right.)

“It’s very brand dependent,” one dealer wrote, responding anonymously to the Aug. 3-6 survey. “The higher the brand, the more they’d care, especially if that brand is promising performance and driving experience.”

Survey respondents were equally split over whether it would be good or bad for automakers to share engines more than they do today. Those who favored more engine sharing said it would hold down rising costs and vehicle prices, and that engines have become more generic in the eyes of consumers. “Most consumers really do not

care,” a dealer wrote.

Those against it said engines are critical to brand identity and determine vehicle performance characteristics.

“Brand loyal people will not be happy about cross sharing engines,” a dealer wrote. Another favored sharing transmissions but not engines, adding that any sharing of parts or systems must be disclosed to customers.

Transmission sharing was less controversial, with nearly two-thirds of respondents saying increased sharing would be good. “Maybe we could get rid of the bad ones,” one dealer wrote. “There are plenty of bad ones!”

Sharing axles and other hidden components drew even more support. Automakers can maintain exclusivity with proprietary exterior and interior designs, one dealer wrote.

Another dealer boiled it down to this: “Consumers would prefer something reliable, durable, proven, and if they were aware it helps keep costs down, that would be a plus.” **AN**

Lutz and others predict the industry will see more sharing as rising costs raise the stakes for automakers. Marchionne says that by sharing engines and transmissions, FCA and a hypothetical partner could cut costs by up to 1 billion euros (\$1.09 billion) a year.

Ultimately there isn’t much debate about whether the auto industry would benefit from more sharing. Industry leaders agree: Redundant engineering and the resulting high costs are a big problem.

In an online, unscientific *Automotive News* survey, nearly nine of 10 auto retailers were “very” or “somewhat” concerned about rising new-vehicle prices. More than three-quarters believe rising prices will cut into new-vehicle sales.

There is more disagreement on whether sharing engines is the answer. In the survey, retailers were split: Just more than 40 percent said sharing engines more than is done today would be good, but about the same number said it would be bad. By contrast, respondents solidly favored more sharing of transmissions, and generally said con-

sumers don’t know and don’t care who made their car’s axles.

In the end, car buyers care about the brand promise, design, performance, customer experience and resale value. As AutoNation’s Jackson says: “How you got there, they don’t care about so much.”

But the coming wave of emissions and safety mandates eventually may make vehicle prices the top concern for most consumers.

In 2012, the National Automobile Dealers Association expressed concern over government estimates that increasing corporate fuel economy averages to a proposed 54.5 mpg would add nearly \$3,000 to the cost of a vehicle.

If so, NADA estimated, nearly 7 million people would be priced out of the new-car market each year. That doesn’t necessarily equate to that many fewer sales. But if it did?

That would be like living the Great Recession drop in sales all over again. **AN**

Richard Truett contributed to this report.

INDUSTRY ON TRIAL ONLINE

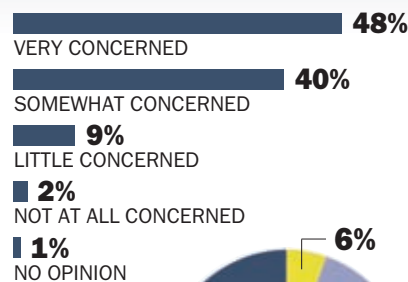
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Automotive News surveyed dealers on pricing trends and what greater parts sharing by automakers might mean at the retail level. Here’s what they said.

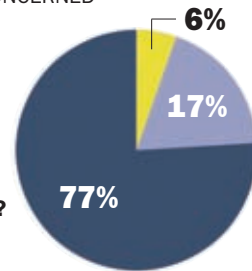
Price worries? Yes.

Q: How concerned are you about rising new car and light-truck prices?



Q: Do you think rising prices will cut into new-vehicle sales?

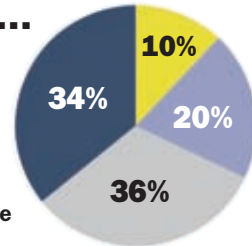
■ Yes
■ No
■ Don’t know/no opinion



Parts sharing? Hmmm ...

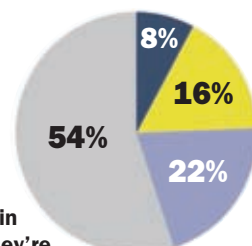
Q: How do consumers feel about the brand exclusivity of the engine in the car they’re shopping for?

■ They know and care whether it is exclusive to that brand.
■ They know but don’t care whether it is exclusive to that brand.
■ If they don’t know, they care enough to ask whether it is exclusive to that brand.
■ If they don’t know, they don’t care enough to ask whether it is exclusive to that brand.



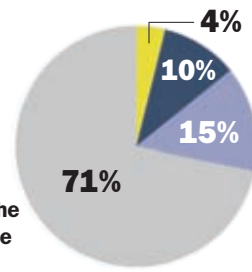
Q: How do consumers feel about the brand exclusivity of the transmission in the vehicle they’re shopping for?

■ They know and care whether it is exclusive to that brand.
■ They know but don’t care whether it is exclusive to that brand.
■ If they don’t know, they care enough to ask whether it is exclusive to that brand.
■ If they don’t know, they don’t care enough to ask whether it is exclusive to that brand.



Q: How do consumers feel about the brand exclusivity of the axles in the vehicle they’re shopping for?

■ They know and care whether it is exclusive to that brand.
■ They know but don’t care whether it is exclusive to that brand.
■ If they don’t know, they care enough to ask whether it is exclusive to that brand.
■ If they don’t know, they don’t care enough to ask whether it is exclusive to that brand.



Source: *Automotive News* online survey conducted Aug. 3-6; 169 respondents

More questions: autonews.com/industryontrial

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HONDA

Humans check robots' work, and vice versa

continued from Page 3

George Graber, Honda Manufacturing of Alabama's engine plant manager, explains that robots and automation will give Honda a new level of quality assurance and worker safety in an era when engine and product variation is growing more complex.

"Associates get tired. Robots don't get tired," Graber says. "They do the same work on Monday as they do on Friday in first shift or second shift. So there's a quality benefit; there's a safety benefit."

The broader message: When it comes to powertrains, the future is changing.

A number of automakers have recently opened or announced plans for new engine lines. In April, Ford Motor Co. said it will invest \$1.1 billion to build one engine plant in Chihuahua, Mexico, and \$200 million more to expand another engine plant there. Last year, General Motors committed \$185 million to make small gasoline engines at its plant in Spring Hill, Tenn. Infiniti Motor Co. last year opened a \$319 million engine plant in Decherd, Tenn., to produce 2.0-liter turbocharged engines for Infiniti and Mercedes-Benz. And soon after, Jaguar Land Rover opened a \$750 million global engine plant in the U.K. that is producing 2.0-liter engines.



Graber: "A quality benefit"

Honda has not revealed the cost of its investment in Lincoln beyond saying that constructing just the building to contain the engine line was \$71.4 million. The total price tag was doubtlessly some multiple of that, since a robot easily can cost more than \$100,000.

But Honda faced a changing future. "What we originally put in place here in 1999 was a very solid solution that worked perfectly," says Mike Oatridge, Honda Manufacturing of Alabama vice president. "But that model doesn't work when things are more complex."

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"What we originally put in place here in 1999 was a very solid solution that worked perfectly," says Mike Oatridge, Honda Manufacturing of Alabama vice president. "But that model doesn't work when things are more complex."

Innovative in its time

Automakers typically build engines in large batches and ship them to car and truck factories as needed. But at the end of the 1990s, Honda deemed that traditional practice wasteful and inexact.



PHOTOS BY SHIRAZ AHMED

Over time, a manager says, the new engine line will be more fully entrusted to automation.

Instead, the Lincoln plant was designed to produce V-6 engines on a line that was synchronized to flow into the assembly area for Honda Odyssey minivans and the Honda Pilot and Acura MDX crossovers being made under the same roof.

As each vehicle took shape at the plant, Honda would build the specific engine that would go into it, all meticulously timed in a sweeping choreography that kept engines, crossovers, minivans, steel coil and aluminum ingot deliveries and parts suppliers all moving on exactly the same 72-second cycle.

Honda made it perform to a T. And along the way, Honda doubled the size of the Lincoln complex and built a second synchronized engine-and-vehicle production system to duplicate and coordinate with the first one.

Seeking flexibility

But five years ago, Honda had an "uh-oh" moment.

Two things caused Lincoln's management team to consider that the approach needed to be scrapped, Oatridge explains:

1. As tougher fuel economy standards loomed, Honda's global strategists decided that, to improve performance and fuel efficiency, the automaker's future engines would be direct-injection. That change in technology would mean that factory processes would have to be redesigned wherever engines were being made.

2. With that in mind, Honda's U.S. strategists decided the company's Alabama auto plant would need to have a more flexible mission in the future. Locking its production lines into building only V-6 powered minivans and crossovers might prove unwise in an era when automakers are facing a 54.5-mpg corporate average fuel economy mandate by the 2025 model year. And the gasoline-price scares of 2010-13 raised new concerns about how popular Lincoln's light trucks might be in the future.

Honda is not tipping its hand on what product plans might be coming in future years for Lincoln. The plant is already tooling up to add another vehicle — a new-generation Honda Ridgeline pickup.

But Jay Baron, CEO of the Center for Automotive Research in Ann Arbor, Mich., says Honda's new automated approach will make it easier to pivot more freely in a changing marketplace. An automated, flexible line can change to a different product by rewriting the software — not by tearing out and replacing expensive hard tooling.

"Lincoln makes six-cylinder engines," he points out. "If the future called for I-4 engines, I'm sure they could accommodate that. The fuel economy mandates scare much of the industry, and if manufacturers have to continue to downsize, I-4s are a real possibility, even for the Pilot and MDX."

Uncertain future

Then there is the matter of unknown components.

Automakers are sizing up new fuel-efficient engine technologies that might become part of future powertrains. They include advances in engine controls, variable valve-lift and valve-actuation systems, exhaust gas recirculation and lean-burn technologies.

"All this good stuff helps with fuel economy," Baron says, "but costs money and will only get implemented as needed."

At Lincoln, humans are still installing engine wiring and handling materials that are too unwieldy for a stiff metal robotic arm to manage. In some spots on the new line, Honda associates stand by to inspect robots' performance, and in other spots, automated stations look over humans' work to make sure they are doing it correctly.

Associates — many of whom participated in the creation of the systems — occasionally send through a "red rabbit," or an intentionally incorrect part, just to make sure the robots are doing their jobs right.

Associates install timing belts and torque

converters. Robots handle the 22-pound engine heads that can be scratched easily by a human and position them into place on the block to check for air leaks. Associates had to be trained to enter robot work stations to respond to operating problems.

Bob Johnson, project manager for the new engine line, admits some of the back-stopping is simply a luxurious comfort that Honda is affording itself for now. Over time, the line will be more fully entrusted to the automation, he says. Some workers take on new jobs of monitoring, programming and maintaining the robotics. Others who are displaced are employed elsewhere in the plant where Honda is growing, such as preparing for the upcoming addition of the Ridgeline pickup.

"For Honda to take this big of a leap to build this brand new building was a rarity," Johnson says. "Once we've gone through enough cycles that we have confidence in all of it, we will take out the redundancy."

Loads of code

The new system required a vast amount of data-processing capacity, he adds — something Honda's project teams did not fully appreciate at first. The new equipment reports continuously into a central data bank, and all associates log into the system to start the work shift and log back in at the end to upload their daily results.

Engines used to move down the company's two old synchronous lines at a rate of one every 72 seconds. Now all engines move down a single line at one every 34.7 seconds.

The overall tempo of the engine plant has accelerated, says Lincoln process associate Rodney Suttles.

"It's like a whole new generation of engine assembly," Suttles says. "The way we used to do things with our hands is now done by robot. A lot of pulling and pushing we used to do when checking our product is done by a camera."

Robots assemble 9,600 pistons a day. One robotic station installs two pistons into each engine at the same time — something no human could do. Not even another Honda plant could do it.

"No one installs two pistons at one time," Graber says proudly. "Honda doesn't do it anywhere" else.

But, he admits: "If it didn't work, then it would have been an extreme challenge to be able to recover."

"There were several challenges where we were biting our fingernails." **AN**



Suttles: Tempo has accelerated.

CADILLAC

Many dealers worry about sales slump

continued from Page 3

quent, passionate rhetoric about his plans for Cadillac. The former Audi of America chief says his first-year report card offers a glimpse of his vision for the future, one in which Cadillacs are coveted luxury goods rather than simply decent cars that consumers will consider if the deal is enticing enough.

"Right now we have to put image development ahead of sales development," de Nysschen said in an interview last month.

"Unless you take time to work on those building blocks, you are forever in this circular reasoning: You have great cars, but they don't gain traction."

De Nysschen urges a deeper look at Cadillac's 2.4 percent U.S. sales

decline through July, which lagged the 8.7 percent increase for all luxury makers:

■ Average transaction prices climbed more than \$6,000 per unit through July vs. the same period a year earlier, J.D. Power data show. The heady prices being paid for the redesigned Escalade SUV fueled that increase (the ESV long-wheelbase version is going for \$86,000 on average). But transaction prices on the ATS and CTS sedans also rose more than \$2,000 each, even as sales of the ATS slid 19 percent and the CTS fell 38 percent through July.

■ Incentive spending dropped 9 percent on average across the lineup in the second quarter compared with a year earlier, TrueCar Inc. estimates.

■ Inventory fell to a 69-day supply as of Aug. 1, the lowest level in nearly four years.

Those improvements got the attention of TrueCar's ALG unit,

which calculates the residual values that dictate automakers' lease rates. Strong residuals are especially important for luxury brands, which typically count on leases for more than half of sales.

ALG has noted "phenomenal drops in incentives" on the ATS and CTS, says Eric Lyman, vice president of industry insights at TrueCar. Cadillac had been dangling cheap leases on those cars to clear an inventory glut, after volumes fell way short of original sales projections. That hurt residuals, which should rebound over time if Cadillac stays disciplined on incentives, Lyman says.

Still, the higher transaction prices have coincided with shrinking sales volumes.

That brings its own set of problems, such as lost market share and disruption to supplier volume targets, says Lyman. An alternative, he says, is to reduce prices to protect market share — and potentially ex-

pand it by offering the right value equation to would-be buyers.

"Getting more vehicles out there will spread the gospel of your reinvented brand," Lyman says.

Few Cadillac dealers would argue with that idea. The sales slump has frustrated many, especially owners of standalone Cadillac stores in lease-heavy markets such as the Midwest and East Coast. Many say their sales are down 25 percent or more this year. They largely blame uncompetitive lease payments relative to BMW, Mercedes, Audi and Lexus.

"Dealers very much are concerned about our declining sales volume," says Ed Williamson, owner of Williamson Cadillac-Buick-GMC in Miami. His store's Cadillac sales sank 22 percent through July, to 622 new vehicles.

What worries dealers most, Williamson says, is the unknown. How long is Cadillac willing to let volumes decline as de Nysschen's

"quality before quantity" strategy plays out?

De Nysschen's answer offers cold comfort. Not only will rehabbing the brand image take years, he says, but so will the onslaught of eight new models that he has promised as part of GM's \$12 billion bet on Cadillac's turnaround by 2020. He acknowledged that there will be a two-year "lull" in fresh product following the launch this spring of a successor to the current SRX midsize crossover.

"We need to work in those two years very hard on preparing the organization ... so when those cars come, we can hit the ground running," de Nysschen said in the interview.

Much of that will happen at the retail level, through improved sales training and upgraded showrooms and service departments.

"I'd be delighted if we could double our sales volume on natural demand," he said. "But you've got to earn it." **AN**



TACOMA

Small trucks lure buyers out of full-size pickups

continued from Page 8

four inches longer to top the Colorado by just more than a half-inch.

This added space, plus increased towing and hauling capacity, has helped GM's Colorado and Canyon in particular lure buyers out of full-size pickups from Chevy, GMC and even Ford, according to Edmunds.com's trade-in data.

Toyota's Tacoma pulls its buyers from a more varied group. The third-most traded in vehicle for a new Tacoma is a Ford F-150; just behind it are Toyota's own Camry and Corolla, according to Edmunds.com.

"There are a lot of people out there that really don't want a giant full-size truck," Kim said. "But they're willing to pay as much for a smaller truck if it means they get the tool to do what they need." **AN**



The 2016 Tacoma gets subtle styling updates inside and out. Toyota targets 165,000 annual sales of the pickup in the U.S.

> 2016 Toyota Tacoma

After a decade of dominating the compact-pickup segment, Toyota's aging Tacoma finally gets a replacement, on sale Sept. 10. The styling is subtly updated, but under the skin is a new optional V-6 engine with 42 more horsepower than its predecessor, and a new six-speed automatic transmission. The burly TRD Off Road 4x4 model even gets a standard crawl-control feature that takes the truck up or down even the gnarliest terrain. Prices start at \$25,720 for the base four-cylinder 4x2, while a new Limited trim tops the lineup at \$38,770. Both prices include shipping.



- **Powertrain:** 3.5-liter V-6, six-speed automatic transmission, optional part-time four-wheel drive
- **Technology:** 6.1-inch touch-screen audio system standard, optional 7-inch navigation, standard GoPro camera mount, low-speed crawl control standard on TRD Off Road 4x4
- **Safety:** 8 airbags and standard rear-vision camera
- **U.S. sales target:** 165,000 a year
- **Competitors:** Chevrolet Colorado, GMC Canyon, Nissan Frontier
- **Strength:** Immense off-road capability, smooth V-6
- **Weaknesses:** Harsh ride on the road; interior lacks refinement of GM models
- **Bottom line:** During a press drive on and off road outside Seattle, the Tacoma proved it was happiest getting dirty. The crawl control on the TRD Off Road 4x4 model went up — and down — anything we threw at it. And all models exhibited a toughness Toyota is rightfully proud of. On road, we were less impressed with the harsh ride and noisy interior that couldn't match the refinement of the Chevrolet Colorado and GMC Canyon.

	TOYOTA TACOMA 4X4 DOUBLE CAB	CHEVY COLORADO 4X4 CREW CAB
Wheelbase	140.6 in.	140.5 in.
Length	225.5 in.	224.9 in.
Width	74.4 in.	74.3 in.
Height	70.6 in.	70.5 in.
Curb weight	4,480 lbs.	4,310 lbs.
V-6 engine	3.5-liter V-6	3.6-liter V-6
Horsepower	278 @ 6,000 rpm	305 @ 6,800 rpm
Torque, lbs.-ft.	265 @ 4,600 rpm	269 @ 4,000 rpm
Towing capacity	3,500 lbs.	3,500 lbs.
EPA mpg	18 city/23 hwy.	17 city/24 hwy.
Base price*	\$31,960	\$31,200

*Includes shipping

ENVISION

U.S. launch forecast for 2nd-half 2016

continued from Page 1

its XC90 crossover. Other vehicles are likely to follow as global automakers look to soak up some of their fast-expanding Chinese manufacturing capacity to fill relatively low-volume entries in other markets.

But for GM, importing the Envision from China is complicated.

For one, the company is in the middle of contract negotiations with the UAW, whose leaders likely would blanch at the prospect of Chinese imports. A UAW spokeswoman declined to comment.

Meanwhile, Buick is busy trying to quench booming demand for crossovers in China, where the brand sells four times its U.S. volume. The Envision went on sale

there last fall. GM says 57,413 were sold in the first half of this year.

A U.S. rollout would require GM eventually to boost Envision production by more than 20 percent, based on third-party sales forecasts for China and the U.S.

Gap waiting to be filled

Both IHS and LMC Automotive forecast a U.S. launch of the Envision sometime in the second half of 2016, with annual volume forecasts from the mid-20,000s to the high 30,000s. Their forecasts for annual Envision sales in China range from 140,000 to 170,000 through 2018.

Shanghai GM, a joint venture between GM and SAIC Motor Corp., builds the Envision at a three-year-old assembly plant in northeastern Shandong province. An engineering team at GM's technical center near Detroit led the vehicle's development. It's the first crossover built on a new global compact platform

that also will underpin the next-generation Chevrolet Equinox.

Buick spokesman Nick Richards says the Envision has been "extremely well-received" in China but GM has not disclosed production plans for any other country. He says Buick will "continue to explore further market opportunities," but he declined to comment on the prospect of a U.S. launch.

Global Buick chief Duncan Aldred has hinted he would like to see the Envision in U.S. showrooms, stopping short of confirming any plans. The vehicle could be slotted into the sizable gap between the subcompact Encore, which is about 15 inches shorter than the Envision, and the full-size Enclave, about 18 inches longer.

"Clearly, it is a very nicely designed and executed product that is very much a Buick," Aldred told Edmunds.com last year. He added that it would fit well into "a big seg-

ment in the U.S." of premium compact crossovers, which includes the Acura RDX and Lincoln MKC.

'Little difference'

In 2013, then-GM China President Bob Socia acknowledged the company could someday export China-built vehicles to the U.S.

"That could very well happen," he told reporters.

A decade ago, the idea of China-made vehicles in U.S. showrooms might have turned off American buyers. But that's far less likely today, IHS analyst Stephanie Brinley says. In recent years, GM and other global automakers have built modern assembly plants in China. And Americans are accustomed to their iPhones and other high-end consumer goods being made there.

"For the U.S. consumer experience, there is likely to be little difference between a Buick built at GM's Orion Assembly plant [near Detroit]

or in Shanghai," Brinley says.

Exporting the vehicle makes sense for GM because it allows the company to "use its global resources most effectively" by sourcing parts and tooling up at one plant instead of two.

A China-sourced Envision would underscore Buick's status as the GM brand with the most varied DNA. The Encore was engineered in Korea and is built there. The Regal midsize sedan is a close cousin of Opel's flagship sedan, the Insignia, engineered in Germany. Industry watchers expect production of the next-generation Regal to move to Europe from Canada.

"A lot of people look at Buick as the quintessential American brand," KBB's Nerad says. "What GM is really doing is drawing on product resources from all over the world to build a much more compelling lineup than Buick had a few years ago." **AN**

TOYOTA

Goal: Cut buyers' time in dealerships

continued from Page 1

that let consumers complete many facets of a typical transaction online. General Motors' Shop-Click-Drive program allows customers to find vehicles, negotiate prices and handle

paperwork online. And TrueCar Inc. has built its business around connecting its network of dealers with leads generated through its website and mobile apps to minimize price haggling.

Fay said the Toyota and Scion programs aren't an effort to compete with what the big dealership groups and TrueCar are doing. Rather, he said, they are a response to changing consumer buying

habits and a way to work with dealers to provide a more integrated experience. Toyota dealers who opt in to the yet-unnamed program will have flexibility in how they implement it in their stores, the company said.

Fay said Toyota will use what it's learning from Pure Process Plus to shape the Toyota program, including the information technology and finance and insurance sides of the

operation. The goal, he said, is to reduce the time a customer spends in the physical dealership to about an hour.

Scion's setup allows a user to go online, pick and spec out a Scion vehicle; search local dealerships for the exact vehicle; get price info, including taxes and fees; calculate monthly payments; get an estimate on a trade-in, and apply for and get approved for credit with a

certificate to take to the dealership.

Scion's pilot program has about 60 participating U.S. dealers, with 30 more expected to join by year end.

The company says 150 are expected by the end of 2016, out of about 1,000 Scion dealers total.

Toyota dealers will get a preview of the online service at a national dealer meeting next month. **AN**

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STARTUPS

Short-term revenue enables some to survive

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startups that are the real deal — and not just duds with an idea.

"If you can identify which of these startups have the right ideas or right plans that align with the interest of the car companies, you can support them with projects and pay for proofs of concepts to stimulate and give them some lifeblood so they can get to that point in which they get to ignition and liftoff," said Roger Lanctot, an associate director for consulting firm Strategy Analytics. Then "they can survive to the point where they get to a truly commercializable idea."

One example of automaker outreach to the startup world is sprouting in the heart of the Motor City.

Ford Motor Co. and Honda R&D Americas are among the corporate sponsors of Techstars Mobility, driven by Detroit, a business incubator launched in June in a 10,000-square-foot office at Ford Field, home of the NFL's Detroit Lions. Ten startups with inventions such as a car-sharing platform for classic cars and a social ride-sharing app have settled in Detroit for the summer.

The startups will get three months of training in business development, customer acquisition and executive recruitment. The session culminates with a Demo Day on Sept. 10 in Detroit.

Techstars is a startup accelerator that runs programs in cities around the world, including London, Berlin, New York and Boston.

Lasting relationships

Ford prefers to form lasting relationships with startups rather than do one-off projects, said Jim Buczkowski, the automaker's director of electrical and electronics systems research and advanced engineering.

In addition to Techstars Mobility, Ford is involved with Silicon Valley startup accelerator Plug and Play Tech Center. Ford is a partner with Plug and Play's Internet of Things program for startups along with Bosch, Delphi, Faurecia, Hyundai, Nissan, Valeo and Volkswagen.

It's a prime source of fresh proposals aimed at connected cars.

"We believe in longer-term relationships. Even after a first engagement, there's a continued relationship that goes on," said Buczkowski, when asked about the best ways to engage startups. "Either one that continues to nurture and help them out, or one that leads to the next product. It really isn't a one-and-done thing."

"Assuming there are good results and good potential, then you keep the relationship going. As they're successful, they can spawn off even more, so we don't want to miss the opportunity for even more new innovation brought to the company."

Buczkowski cited Mobileye, a 16-year-old Israeli company that builds camera-based advanced driver assistance systems, as an example of a startup that impacted the industry.

Mobileye, which raised \$890 million last year during its initial public offering, has amassed a vast customer list that includes Audi, Ford, General Motors and BMW.

Israel itself is a hotbed for innovation, Buczkowski said. Ford has scouts there on the lookout for new technologies.

Sometimes, a startup that's working with an automaker can yield offspring in the form of new companies that provide even more technologies to manufacturers.

This happened when Ford acquired software company Livio in 2013, and Livio's founders moved on to create another tech company called Tome Inc. last year.

"When we acquired a small software company locally two years ago, Livio, it worked out really well. But the founders moved on as founders often do. Entrepreneurs are entrepreneurs," said Bill Coughlin, CEO of Ford Global Technologies, the company's intellectual property management arm.

"So we're working with the founders in a new business to help us develop our eBike apps."

Honda R&D connection

Blumbergs said Techstars Mobility marks the "first real formal engagement in support of startups" for Honda R&D Americas' Southfield, Mich., site.

The Honda Silicon Valley Lab, around since 2011 in Mountain View, Calif., regularly interacts with startups.

Startups' enthusiasm, Blumbergs says, can rub off on automakers that get caught up in their day-to-day routines.

Blumbergs hopes that Techstars Mobility will be an avenue to new ideas.

"The automotive industry looked at how startups have impacted the technology industry over time."

Eric Blumbergs,
Honda R&D Americas

Honda R&D Americas engineers are accessible to the startups. If one of the companies comes with a proposal, Blumbergs said other parts of Honda — not just the Southfield team — could be summoned as well.

Blumbergs said the Techstars initiative ties directly into Honda's mission of enabling mobility for everyone — whether that's through automobiles, jets or even small transport devices such as the Uni-Cub, Honda's compact electric contraption that looks like a stool.

While thinking years ahead is part of the business for automakers, startups don't always have the same luxury.

It can take four years to get a product into a vehicle, which is problematic for startups that need short-term revenue to stay alive.

In these situations, Buczkowski said, Ford will "engage in projects that help fund the work" that a startup does.

Automakers have to figure out how startups can succeed in the immediate future, so the young companies can return the favor with successful efforts in the years to come. Buczkowski calls this the "No. 1 problem item" when dealing with startups.

Enthusiastic startups have to learn about the intricacies of the supply side, in which a small supplier usually provides parts to a larger one rather than the automaker itself.

"Some technologies come to us that would be great for our product, but they need to be incorporated or introduced or integrated into a product that is already being produced by our Tier 1 set of suppliers," Buczkowski said. "Sometimes you're in a matchmaking mode — you think this is really great, but you've got to get another player to participate in that."

"You have to build a relationship in such a way that the startup can still be successful, and your supply base that you want to introduce to this and encourage to use this technology is fully engaged as well."

Finding jewels

Coughlin said Ford is figuring out the best way to churn out competitive vehicles while seeking to adapt as mobility habits change.

Ford will have allies in the startup world to help overcome the challenges, but finding the ideal startups to work with will be crucial.

"I think the hardest thing is finding the jewels out there in the startup community, and not investing in companies that really don't have the ability to fulfill the promise of the potential," Coughlin said.

"There are lots of startups out there. Finding the right one is no easy feat." **AN**



Coughlin: Adapt as mobility habits change.

► **STARTUP PROFILES** For more, go to: autonews.com/startup

Bidding online for vehicle repairs

Company: Ansik

Products: Diagnostic software; hood and trunk lid support

The vehicle service center is crucial to the movement of people and goods.

Ansik, a Kitchener, Ontario, company, has found a home in the service business with new diagnostic software that streamlines bidding, and a device that prevents vehicle hoods and trunk lids from falling on service techs.

Ansik's PitStop app empowers the consumer in need of repair work and the service shops.

Consumers who have downloaded the app from the Apple Store or Google Play Store plug a device into their vehicle's on-board diagnostic port, which then connects to their phones via Bluetooth.

A vehicle report is generated, which the consumers can access on their phones.

The report is sent to a marketplace where dealerships and technicians using the software can provide quotes in real time, possible service appointment times and further insights into the problem. The consumers can view all of this on their phones.

PitStop eliminates the need for consumers to go from shop to shop to find the best deals, said Yashin Shah, co-founder of Ansik. It also makes drivers smarter about their vehicles, he said.



ShockLock clamps onto failing gas struts to keep the hood or trunk lid up.

Added Ansik CEO and co-founder Shiva Bhardwaj: "We're trying to take diagnostic repair technology to the next step to drive efficiency. For a mechanic, efficiency is the No. 1 thing. They get paid on how many billable hours they produce in a day."

Ansik's other product, ShockLock, protects service techs from falling vehicle hoods and trunk lids. Such accidents led to 11,000 injuries last year, Bhardwaj said. ShockLock clamps onto failing gas struts to keep the hood or trunk lid up — a convenient solution compared with the old broomstick.

Ansik's goal this summer is to lock in 1,000 dealership users of PitStop, while furthering distribution of ShockLock to get between 1,000 and 2,000 of the devices in the market. Bhardwaj, who grew up working in his father's repair shop, said 300 ShockLocks had been sold before Techstars Mobility, driven by Detroit began in June. **AN**

Repair-shop photos to customers

Company: My Dealer Service

Product: Web-based app for connecting automotive service departments to customers via text and email

Telling a customer about a problem with his vehicle after he drops it off at the service shop for an inspection may not be enough to close the deal.

But showing him exactly what's wrong can put a lasting image in his mind that pushes him to get the work done.

My Dealer Service, a Denver software company, has developed an app for service centers that enables mechanics to easily send photos to customers of needed repair work.

The Web-based MDS Notify app also al-

lows service shops to send text/email estimates and updates to a person's phone. The product is being tested at a few shops, and the plan this summer is to push it further into the market.

Peter Mills, vice president of product at My Dealer Service, said: "We're providing workflow management tools that really connect with customers [and] that improve customer experience: text messaging updates to customers, allowing service departments to send photos directly to customers to show them what repairs need to be done."

Mills added: "We can also do estimates, too. If you're getting your car repaired, they can send it right to your phone. You can approve it on your phone." **AN**

Hit the brakes — without the brakes

Company: GearBrake

Product: Module illuminates brake lights when vehicles begin slowing

Research cited by the National Transportation Safety Board shows that having one extra second of warning time can prevent 90 percent of rear-end collisions.

GearBrake's safety module flashes the brake light whenever a motorcycle slows, even if the driver is not activating the brake, to warn following motorists.

The module is designed for motorcycles, but the concept also applies to electric vehicles, said Chris Bailey, CEO of GearBrake.

When a driver lifts his foot from the accelerator in some EVs using regenerative braking, the vehicle starts slowing but the brake lights don't illuminate.

"We're detecting any time that a vehicle is slowing down, then we automatically light the brake lights," Bailey said. "The reason that is really important is because in electric and manual vehicles like motorcycles, ... they can slow down really effectively without the use of their brakes by



GearBrake's safety module flashes the brake lights whenever the vehicle slows.

downshifting or engine braking."

The GearBrake module, which attaches to the brake light system, has been on the market for a year. The device uses a microprocessor and an accelerometer.

Now the Louisville, Ky., company, which has been operating in the motorcycle segment, hopes to gain traction with automakers.

"That's why we're here," Bailey said. "Even if we don't get to work with them, just being able to learn from them and really understand the market is going to be huge." **AN**

U.S. sales per franchise, July

Make	Car July 2015	Truck July 2015	Total July 2015	Total June 2015
Toyota/Scion	80	71	151	148
Honda	68	58	126	113
Lexus	62	64	126	111
Nissan	66	47	113	107
Hyundai	67	19	86	82
Mercedes-Benz	48	34	82	84
Subaru	42	39	81	71
BMW	49	31	80	95
Kia	49	24	73	70
Ford	20	48	68	69
Chevrolet	22	41	63	59
Audi	34	28	62	65
Acura	20	35	55	56
Infiniti	25	26	51	48
VW	44	5	49	47
Mini	33	10	43	51
Mazda	24	18	42	43
Jeep	-	32	32	31
Land Rover	-	30	30	28
GMC	-	28	28	27
Porsche	9	16	25	23
Mitsubishi	8	13	21	21
Volvo	8	11	19	20
Dodge	7	9	16	19
Ram	-	16	16	16
Cadillac	5	10	15	15
Fiat	9	6	15	15
Chrysler	8	3	11	14
Maserati	11	-	11	11
Buick	4	6	10	8
Lincoln	3	7	10	9
Jaguar	8	-	8	7
Bentley	5	-	5	5
Ferrari	5	-	5	5
Smart	5	-	5	5
Rolls-Royce	3	-	3	3
Aston Martin	2	-	2	2
Lamborghini	2	-	2	2
Alfa Romeo	1	-	1	0

Source: Automotive News Data Center

Hot July thins inventory

Jesse Snyder
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U.S. light-vehicle inventory was a bit leaner on Aug. 1 than it was a month earlier after July's surprisingly strong auto sales pace. The inventory on Aug. 1 was down 174,100 units from July 1 to 3,415,100.

That level was the lowest since Oct. 1, 2014. Measured by how long inventory would last at the previous month's selling rate, stocks declined to a 59-day supply on Aug. 1 from 61 days on July 1.

The 59-day supply was just under the industry's rule-of-thumb ideal level of 60 to 65 days. But automakers and dealers typically run leaner this time of year approaching model-year changeover. Over the 23 previous years of parallel records, the Aug. 1 average supply was 56 days.

The drop in days supply this Aug. 1 was to be expected after July auto volume surged above analyst expectations with a seasonally adjusted 17.6 million selling rate.

Most automakers posted modest declines in Aug. 1 stocks from a month earlier, led by General Motors, down seven days to a 63-day supply, and American Honda, off six days to 53. But several automakers increased stocks. Fiat Chrysler, for example, added four days to start August with an 82-day supply.

And European brands averaged seven days more stock on Aug. 1 than on July 1.

Volkswagen brand managed not to increase its already large supply, steady at 93 days. But its VW corporate stablemates added stock, with Porsche up six days to 45 and Audi 13 days higher at 55.

In addition, BMW Group rose 10 days; Daimler AG, four days; and Volvo Cars of North America, five. The only European automaker countering the trend was Jaguar Land Rover, down two to start August with a 27-day supply. **AN**

Inventory — U.S. car and light-truck, on August 1

Vehicles are domestic unless noted.

	Inventory units	Days supply		Inventory units	Days supply		
		Aug. 1 2015	July 1 2015		Aug. 1 2015	July 1 2015	
BMW div. car (I)	34,000	53	43	LaCrosse	9,300	70	92
BMW div. trk. (D/I)	11,000	28	20	Regal	3,900	66	77
Total BMW div. (D/I)	45,000	43	33	Verano	7,200	79	87
Total Mini (I)	9,500	48	36	Total Buick car	20,400	72	87
BMW†*	54,500	44	34	Enclave	14,400	57	77
Mercedes-Benz car (D/I)	28,000	42	39	Encore (I)	15,000	57	71
Mercedes-Benz trk. (D/I)	19,500	41	37	Total Buick trk. (D)	14,400	57	77
DAIMLER AG††*	47,500	42	38	Total Buick trk. (I)	15,000	57	71
Alfa Romeo 4C car (I)	200	121	46	Total Buick	29,400	57	74
200	38,500	66	65	Total Buick (D)	34,800	65	82
300	14,700	91	93	Total Buick (I)	15,000	57	71
Total Chrysler Div. car	53,200	72	70	ATS	9,400	154	110
Town & Country	13,900	56	47	CTS	5,800	100	103
Total Chrysler Div. trk.	13,900	56	47	ELR	100	39	81
Total Chrysler Div.	67,100	68	64	XTS	3,100	62	64
Avenger	200	60	57	Total Cadillac car	18,400	107	95
Challenger	11,600	58	46	Escalade	3,800	59	51
Charger	21,400	96	68	Escalade ESV	2,700	56	58
Dart	24,700	109	98	SRX	12,400	48	71
Viper	200	91	108	Total Cadillac trk.	18,900	51	66
Total Dodge car	58,000	89	71	Total Cadillac	37,300	69	77
Caravan	15,600	54	59	Camaro	22,700	79	83
Durango	16,000	86	81	Caprice (I)	400	74	63
Journey	29,400	92	69	Corvette	4,800	45	39
Total Dodge trk.	61,100	77	68	Cruze	36,600	45	42
Total Dodge	119,100	82	70	Impala	24,500	78	87
Cargo van	100	75	23	Malibu	40,200	65	64
ProMaster	7,500	128	81	Sonic	18,600	95	69
ProMaster City (I)	4,100	183	212	Spark (I)	7,100	56	56
Ram pickup	147,400	106	110	SS (I)	1,600	130	120
Ram trk. (D)	155,000	107	108	Volt	3,700	73	102
Ram trk. (I)	4,100	183	212	Chevrolet car (D)	151,100	63	62
Total Ram trk.	159,100	108	109	Chevrolet car (I)	9,100	63	62
Total Dodge/Ram	278,200	95	88	Total Chevrolet car	160,200	63	62
Fiat 500 car	11,500	153	134	City Express	7,500	194	175
500L (I)	2,200	181	94	Colorado	11,000	40	35
500X (I)	7,000	188	349	Equinox	35,000	42	48
Total Fiat truck (I)	9,200	187	191	Express van	16,800	82	72
Fiat (D)	11,500	153	134	Silverado	152,900	71	82
Fiat (I)	9,200	187	191	Suburban	10,800	65	78
Total Fiat	20,700	166	150	Tahoe	21,300	67	79
Cherokee	55,400	86	76	Traverse	14,600	30	49
Compass	11,800	55	92	Trax	18,200	77	75
Grand Cherokee	45,900	75	72	Total Chevrolet trk.	288,100	61	70
Patriot	22,700	62	71	Total Chevrolet (D)	439,200	62	67
Renegade (I)	31,600	130	142	Total Chevrolet (I)	9,100	63	62
Wrangler	30,200	41	41	Total Chevrolet	448,300	62	67
Jeep (D)	165,900	64	65	Acadia	16,900	41	54
Jeep (I)	31,600	130	142	Canyon	5,700	56	55
Total Jeep trk.	197,500	70	70	Savana van	2,800	74	28
FCA US car (D)	122,700	84	73	Sierra	65,100	85	93
FCA US car (I)	200	121	46	Terrain	21,300	63	74
FCA US trk. (D)	123,000	84	73	Yukon	11,300	83	89
FCA US trk. (I)	395,900	78	73	Yukon XL	7,000	79	66
FCA US trk.	44,900	143	154	Total GMC trk.	130,100	69	75
FCA US trk.	440,800	82	80	GM car (D)	189,900	67	67
FCA US††	563,800	82	78	GM car (I)	9,100	63	62
C-Max	7,300	99	74	GM car	199,000	67	66
Fiesta	20,900	99	59	GM trk. (D)	451,500	62	71
Focus	40,500	62	48	GM trk. (I)	15,000	57	71
Fusion	58,600	61	66	GM trk.	466,500	62	71
Mustang	18,600	57	49	GENERAL MOTORS†	665,500	63	70
Taurus	9,900	54	49	ILX	9,500	153	150
Total Ford div. car	155,800	64	56	RLX (I)	1,000	122	112
E-series/Club Wagon	100	520	250	TLX	18,000	133	122
E-series van	7,800	61	40	Acura car (D)	27,500	139	130
Edge	22,500	58	45	Acura car (I)	1,000	121	111
Escape	52,200	46	60	Total Acura car	28,500	138	130
Expedition	10,200	97	79	MDX	11,500	60	76
Explorer	33,300	37	46	RDX	6,000	34	37
F series	198,100	78	96	Total Acura trk.	17,500	48	56
Flex	2,000	27	42	Total Acura (D)	45,000	80	83
Transit	27,400	89	56	Total Acura (I)	1,000	121	111
Transit Connect (I)	18,200	100	112	Total Acura	46,000	80	84
Ford div. trk. (D)	353,600	63	70	Accord	81,000	61	75
Ford div. trk. (I)	18,200	100	112	Civic	70,500	59	67
Total Ford div. trk.	371,800	65	71	Crosstour	4,000	113	149
Ford div. (D)	509,400	64	65	CR-Z (I)	2,500	241	306
Ford div. (I)	18,200	100	112	Fit	5,000	30	48
Total Ford	527,600	65	66	Insight (I)	500	115	99
MKS	2,000	96	86	Honda Div. car (D)	160,500	59	70
MKT	1,000	44	80	Honda Div. car (I)	3,000	202	225
MXK	3,100	32	49	Total Honda Div. car	163,500	60	71
Navigator	4,200	139	125	CR-V	52,500	43	47
Total Lincoln trk.	17,400	71	93	HR-V	6,000	26	19
Total Lincoln	28,900	79	93	Odyssey	21,000	42	47
Ford Motor Co. car	167,300	66	58	Pilot	8,000	22	25
Ford Motor Co. trk. (D)	371,000	64	71	Total Honda Div. trk.	87,500	38	40
Ford Motor Co. trk. (I)	18,200	100	112				
Ford Motor Co. trk.	389,200	65	72				
FORD MOTOR CO.	556,500	65	67				

Note: Numbers may not add due to rounding; (D) = produced in North America; (I) = imported to U.S. Days supply: Number of days needed to sell all vehicles in inventory, based on the previous month's daily selling rate. Inventory: Unit count of vehicles on hand at dealerships, factory lots, ports of entry and in transit on a specific date.

Stock by brand

Days supply on Aug. 1, 2015

Smallest

- Subaru† 20
- Land Rover†* 22
- Mercedes-Benz†* 42
- Toyota/Scion† 43
- BMW†* 43

Largest

- Fiat 166
- Alfa Romeo 121
- Ram 108
- Mitsubishi 96
- VW 93

†Dealer stock and in-transits *Estimate
Source: Automotive News Data Center

Stock by maker

Days supply on Aug. 1, 2015

Smallest

- Subaru† 20
- Jaguar Land Rover†* 27
- Daimler AG††* 42
- BMW†* 44
- Toyota Motor Sales† 45

Largest

- Mitsubishi 96
- FCA US 82
- VW Group 76
- Ford Motor Co. 65
- General Motors†* 63

†Dealer stock and in-transits *Estimate
‡Excludes Smart
Source: Automotive News Data Center

Perspective

Total industry days supply on Aug. 1

2011	49
2012	54
2013	56
2014	61
2015	59

Source: Automotive News Data Center

Domestics vs. imports

Days supply on Aug. 1, 2015

	On Aug. 1	On July 1
Detroit 3	69	71
European	59	52
Japanese	50	53
Korean	50	54
Total industry	59	61

Source: Automotive News Data Center

BAYS
Best answer may be more service hours

continued from Page 4
For dealerships, expanding service departments can be an expensive and complicated proposition.

If land is available to allow for an expansion, most dealerships would require local government approval to add service bays.

If the land is available and government approvals can be won, the dealer still faces the challenge of hiring enough well-qualified service technicians to staff the added service bays and the service advisers to fill them with customers.

In some cases, says Pietro Gorlier, the global head of Mopar, the best answer for a dealership to expand its service effectiveness may not be adding service bays but adding service hours.

"The number of investments being made by our dealers [already] in brick and mortar is huge, and this is happening organically. But I don't want to show up and say, 'Now you need to change the facility because you need'" greater service capacity, Gorlier explained.

"Before you get to brick and mortar, you have hundreds of opportunities to make the process more efficient, to use the technicians that you have better."

FCA US' recent spate of large recalls — in 2014 it recalled 8.8 million vehicles, and through July 2015 it had already recalled another roughly 9.7 million vehicles — is exacerbating growing demands on dealer service operations.

So far this year, Gorlier said, FCA is making strides on its long-term goals. In 2015 alone, the automaker's dealerships have added a net of 1,300 service technicians, more than 700 additional service advisers and the equivalent of almost 600 additional service bays nationwide with construction and added shifts, Gorlier said.

Gorlier has long championed Saturday and even Sunday dealership service to increase profits and customer satisfaction of dealers' service operations.

The analyzer also can show dealers what adding additional weekend service hours will look like on their bottom lines. **AN**

OBITUARIES

Jean Mayer

DETROIT — Jean Mayer, who rose through the ranks at Ford Motor Co. to become a global purchasing executive, died Aug. 5. She was 61.

Mayer, one of *Automotive News'* 100 Leading Women in the North American Auto Industry in 2000 and 2005, began her automotive career as a buyer in Ford's electrical and electronics division in 1977. She held various management positions in the automaker's purchasing operations and became executive director of Asia Pacific purchasing in 2004.

After her 30-year career at Ford, Mayer held executive positions at financial services company TIAA-CREF, Bombardier Aerospace and wind turbine company Ogin Inc.

TAURUS

U.S. sales on track for a record low

continued from Page 1
which will roll out the Continental next year.

Chris Lemley, a Ford dealer in Medford, Mass., said he keeps requesting more Tauruses but has received very few each month. He figures Ford would rather maximize output of the highly profitable Explorer at the Chicago plant where both vehicles are built.

"If they want to retain Taurus long term, they need to produce and sell more of them in the short term," Lemley wrote in an email. "Right now, we are below the threshold level of inventory to participate meaningfully in the D [full-size] segment."

Mulally, who studied Ford's development of the Taurus while working for Boeing, had a clear affinity for the sedan. Upon being hired as CEO in 2006, he criticized the logic of Ford casting aside one of its most recognizable names and ordered the Five Hundred — a full-size car, whereas the former Taurus was a midsize — be hurriedly overhauled and renamed to become Ford's flagship sedan. When he retired last year, he took a Taurus home with him to Seattle.

But Ford has allowed the Taurus to languish, showing little interest in making the investment necessary to compete with the redesigned Chevrolet Impala and Toyota Avalon. With Mulally gone and the full-size sedan market down 18 percent this year, the Taurus is likely to get even fewer resources.

Ford hasn't given any hints about what it may do.

"Taurus continues to play an important role in our North America vehicle lineup," Ford spokesman Said Deep said.

About 20 percent of Tauruses are converted into police cars. That business is an incentive for Ford to keep the Taurus in the U.S. to some de-

Slipping sales

U.S. sales of the Ford Taurus are on pace for an all-time low.
First full year (1986): 263,450
Peak year (1992): 409,751
Worst year (2009): 45,617
2014 sales: 62,629
2015 year to date: 29,967
Source: Automotive News Data Center

gree, though the Police Interceptor Utility, based on the Explorer, is far more popular, and sales of the sedan version are falling.

Despite Mulally's criticism of the move nine years ago, replacing the midsize Taurus sedan with the Fusion has been a positive for Ford. By the end of its life, the old Taurus was ubiquitous on rental-car lots and absent from most car shoppers' consideration lists. But the Fusion vaulted Ford back into contention with Toyota and Honda, particularly after a 2012 redesign that featured the kind of bold styling most sedans had been missing.

In fact, the current Taurus has suffered partly because of the Fusion's success. Despite being a class bigger, the Taurus has slightly less front and rear legroom, front headroom and passenger volume than the Fusion, leaving few reasons, other than a larger trunk, to pay the Taurus' higher price. The Taurus starts at \$27,930, including shipping, about \$5,000 more than the Fusion.

In the U.S., Ford sold more Fusions in July than it has sold Tauruses in all of 2015, excluding police cars. It's on pace for full-year U.S. sales of 45,000 Tauruses, including police cars, which would be an all-time low, and 290,000 Fusions.

"You'd have trouble finding consumers out there — especially the desirable [younger] demographics — who would look at the car and have any kind of awareness of it and affinity for it," said Karl Brauer, senior director of insights for KBB. "There are so many strikes against almost any car in that category and then a few more against the Taurus." **AN**

Customer Incentives

Incentives in this table are a summary of retail programs offered. Programs may vary by region and model.

	Cash rebate	Finance rate	Cash rebate	Finance rate	Cash rebate	Finance rate
BMW GROUP						
Expires Aug. 31.						
2016 models						
BMW 228, 320, 328, 328d						
Gran Turismo, 328d, 335 Gran Turismo, 340, 428, 428 Gran Coupe, 435, 435 Gran Coupe, 528, 535, 535 Gran Turismo, 535d, 550, 550 Gran Turismo, 640, 640 Gran Coupe, 650, 650 Gran Coupe, 740, 750, ActiveHybrid 5, ALPINA B6 Gran Coupe, M3, M4, M5, M6, M6 Gran Coupe, M235, X1, X3, X4, X5, X5 M, X6, X6 M, Z4		1.9-9.8%				
2015 models						
BMW 320, 328d		0.9-7.9%				
228, 328 Gran Turismo, 335, 335 Gran Turismo, 428, 428 Gran Coupe, 435, 435 Gran Coupe, 528, 535, 535 Gran Turismo, 535d, 550, 550 Gran Turismo, 640, 640 Gran Coupe, 650, 650 Gran Coupe, 740, 750, 760, ActiveHybrid 3, ActiveHybrid 5, ALPINA B7, i3, M3, M4, M5, M6, M6 Gran Coupe, M235, X1, X3, X4, X5, X5 M, X6, X6 M, Z4		0.9-9.8%				
Mini Cooper*		0.9-5.1%				
FCA US						
Expires Aug. 31. In lieu of rebates, cut-rate financing is available.						
2016 models						
Dodge Journey	\$500					
Dart	\$500-\$1,000					
Fiat 500X	\$500	0.9-4.9%				
Jeep Cherokee, Compass	\$500-\$1,250					
Patriot	\$1,000					
Ram 1500, 2500, 3500	\$500-\$1,000					
ProMaster 1500, ProMaster 2500*, ProMaster 3500*	\$500					
2015 models						
Chrysler 300C	\$1,000-\$2,500	0-2.0%				
Town & Country	\$500-\$2,250	0-3.9%				
200	\$500-\$2,250					
300	\$500-\$1,500	0-2.0%				
Dodge Journey	\$500-\$2,750	0-5.9%				
Charger	\$500-\$2,500					
Grand Caravan	\$500-\$2,250	0-3.9%				
Challenger	\$500-\$2,000					
Dart	\$500-\$1,500	0-5.9%				
Durango	\$500-\$750	0-3.9%				
Fiat 500L	\$1,500-\$3,000	0-1.9%				
500e	\$2,500					
500, 500C	\$500-\$2,250	0-1.9%				
Jeep Patriot	\$500-\$2,500	0-3.9%				
Compass	\$500-\$2,250	0-3.9%				
Cherokee	\$500-\$1,750	0-3.9%				
Renegade	\$500-\$750	0.9-6.9%				
Grand Cherokee	\$500					
Ram 2500, 3500	\$3,000	0-5.9%				
1500	\$500-\$3,000	0-3.9%				
Cargo	\$1,500					
ProMaster 1500, ProMaster 2500*, ProMaster 3500	\$1,000					
ProMaster City	\$500					
FORD MOTOR CO.						
Ford expires Sept. 7. Lincoln expires Sept. 30. In lieu of rebates, cut-rate financing is available.						
2016 models						
Ford F-250, F-350, F-450	\$1,000	1.9-9.9%				
Fusion, Fusion Energi	\$500-\$750	0-7.9%				
Fusion Hybrid, Escape	\$500	0-7.9%				
C-Max Hybrid, Fiesta, Focus, Focus ST, Transit 150, Transit 250, Transit 350	\$500	0.9-8.9%				
Mustang, Explorer, Expedition, Expedition EL, Transit Connect	\$500	1.9-9.9%				
Focus Electric		0-7.9%				
C-Max Energi		0.9-8.9%				
Lincoln MKC, MKZ (incl. Hybrid)		0-7.9%				
MKX		0.9-8.9%				
2015 models						
Ford Taurus	\$3,000	0-5.9%				
F-250, F-350, F-450	\$1,000-\$2,500	0.9-8.9%				
Fusion (incl. Hybrid)	\$250-\$2,250	0-4.0%				
Escape	\$250-\$2,000	0-4.0%				
C-Max Hybrid, Expedition, Expedition EL	\$1,500	0-5.9%				
Transit Connect	\$1,500	0-8.9%				
Transit 150, Transit 250, Transit 350	\$1,000-\$1,500	0.9-8.9%				
F-150	\$300-\$1,500	0.9-8.9%				
GENERAL MOTORS						
Expires Aug. 31. In lieu of rebates, cut-rate financing is available.						
2015 models						
Buick Enclave, Regal	\$500-\$2,250	0-6.9%				
LaCrosse	\$750-\$1,000					
Encore	\$250-\$1,000	0-6.9%				
Verano	\$1,000	0-6.9%				
Cadillac XTS	\$4,000	0-3.9%				
SRX	\$3,000	0-3.9%				
ATS, CTS, CTS-V	\$1,000-\$2,000	0-3.9%				
Escalade, Escalade ESV		0-3.9%				
Chevrolet Spark EV	\$1,000-\$3,500	2.9-6.9%				
Silverado 2500HD, Silverado 3500HD	\$2,000	2.9-6.9%				
City Express	\$1,500	0-5.9%				
Impala, Volt	\$1,000-\$1,500	0-7.9%				
Camaro, Traverse	\$750-\$1,500	0-3.9%				
Silverado 1500	\$750-\$1,500	2.9-6.9%				
Malibu	\$500-\$1,500	0-3.9%				
Cruze, Equinox	\$500-\$1,000					
Express 2500, Express 3500	\$1,000	2.9-6.9%				
Sonic, Spark, Trax	\$500-\$750	2.9-6.9%				
Suburban 1500, Tahoe		2.9-6.9%				
Corvette, SS		3.9-7.9%				
GMC Acadia	\$500-\$2,250	0-6.9%				
Sierra 1500	\$500-\$2,000	0-6.9%				
Sierra 2500HD, Sierra 3500HD	\$2,000	3.9-6.9%				
Savana 2500, Savana 3500	\$1,000	3.9-6.9%				
Terrain	\$1,000					
Yukon, Yukon XL 1500		3.9-6.9%				
2014 models						
Chevrolet Spark EV	\$3,000-\$5,500	2.9-6.9%				
Camaro, Cruze	\$500-\$3,500	0-6.9%				
Silverado 1500	\$2,500	0-4.9%				
Impala	\$1,000-\$2,500	0-5.9%				
Express 1500, Express 2500, Express 3500	\$2,000	2.9-6.9%				
Sonic, Volt	\$500-\$1,500	0-6.9%				
Spark	\$500	3.9-6.9%				
SS		1.9-5.9%				
AMERICAN HONDA MOTOR CO.						
Expires Sept. 7.						
2015 models						
Honda Odyssey, Pilot, Civic (incl. Hybrid)		0.9-4.9%				
Accord (incl. Hybrid)		0.9-5.9%				
JAGUAR						
Expires Aug. 31.						
2016 models						
Land Rover Discovery Sport, LR4		1.9-6.4%				
2015 models						
Jaguar XF, XJ		1.9-7.2%				
Land Rover Range Rover Evoque		1.9-4.4%				
Discovery Sport, LR4		1.9-6.4%				
MAZDA						
Expires Aug. 31. In lieu of rebates, cut-rate financing is available.						
2016 models						
Mazda6		0-7.4%				
2015 models						
CX-9	\$4,000	0-7.4%				
Mazda5	\$2,000					
Mazda6	\$1,000-\$1,250	0-6.7%				
MERCEDES-BENZ						
Expires Aug. 31.						
2016 models						
Mercedes-Benz AMG C63, AMG E63, AMG GLE63, AMG GLE63 S Coupe, C300, E250 BlueTEC, E350, E400, E550, GLE300d, GLE350, GLE400, GLE450 AMG Coupe		1.9-4.0%				
2015 models						
Mercedes-Benz C63 AMG, C250, C300, C350, C400, E63 AMG, E250 BlueTEC, E350, E400, E550, GLK250 BlueTEC, GLK350, ML63 AMG, ML250 BlueTEC,						
Focus, Focus ST	\$250-\$1,500	0-4.0%	ML350, ML400		1.9-4.0%	
Explorer, Fiesta	\$250-\$1,500	0-5.9%	CLA45 AMG, CLA250, GLA45 AMG, GLA250		1.9-5.0%	
Edge, Fusion Energi	\$1,000	0-8.9%	Smart ForTwo		0.7-1.9%	
Flex	\$500	0.9-8.9%	Sprinter 2500, 3500		1.9-3.9%	
Mustang	\$500		2014 models			
C-Max Energi, Focus Electric		0-5.9%	Sprinter 2500, 3500		0.9-2.7%	
Lincoln MKS		0-7.9%	MITSUBISHI			
MKX, MKZ (incl. Hybrid), Navigator, Navigator L		0-5.9%	Expires Aug. 31. In lieu of rebates, cut-rate financing is available.			
MKC, MKT		0-8.9%	2016 models			
2014 models						
Ford Transit Connect	\$1,250-\$3,000	0-4.0%	Outlander	\$2,000	0.5-6.5%	
Focus	\$250-\$3,000	0-4.0%	Lancer, Outlander Sport	\$1,500	0.5-6.5%	
F-150	\$250-\$1,750		NISSAN NORTH AMERICA			
Focus ST	\$250-\$1,500	0-4.0%	Expires Aug. 31. In lieu of rebates, cut-rate financing is available.			
Lincoln MKS, MKZ		0-4.0%	2015 models			
MKT, MKX		0-5.9%	Infiniti Q70L, Q70		0.9-3.9%	
GENERAL MOTORS						
Expires Aug. 31. In lieu of rebates, cut-rate financing is available.						
2015 models						
Buick Enclave, Regal	\$500-\$2,250	0-6.9%	Q50, QX60		1.9-3.9%	
LaCrosse	\$750-\$1,000		Nissan Titan	\$1,350-\$2,500		
Encore	\$250-\$1,000	0-6.9%	Pathfinder	\$1,500-\$2,000		
Verano	\$1,000	0-6.9%	NV2500 HD cargo van,			
Cadillac XTS	\$4,000	0-3.9%	NV3500 HD cargo van	\$1,000-\$1,500		
SRX	\$3,000	0-3.9%	Altima	\$500-\$1,500	0-9.5%	
ATS, CTS, CTS-V	\$1,000-\$2,000	0-3.9%	Armada,			
Escalade, Escalade ESV		0-3.9%	NV1500 cargo van	\$1,000		
Chevrolet Spark EV	\$1,000-\$3,500	2.9-6.9%	Versa Note	\$750-\$1,000		
Silverado 2500HD, Silverado 3500HD	\$2,000	2.9-6.9%	Sentra	\$500-\$1,000	0-9.3%	
City Express	\$1,500	0-5.9%	Juke, Quest,			
Impala, Volt	\$1,000-\$1,500	0-7.9%	Rogue Select	\$500-\$1,000		
Camaro, Traverse	\$750-\$1,500	0-3.9%	Rogue	\$250-\$750		
Silverado 1500	\$750-\$1,500	2.9-6.9%	NV3500 HD passenger van	\$500		
Malibu	\$500-\$1,500	0-3.9%	Versa	\$400-\$500		
Cruze, Equinox	\$500-\$1,000		SUBARU			
Express 2500, Express 3500	\$1,000	2.9-6.9%	Expires Aug. 31.			
Sonic, Spark, Trax	\$500-\$750	2.9-6.9%	2016 models			
Suburban 1500, Tahoe		2.9-6.9%	Legacy, Forester, Outback		1.9-8.5%	
Corvette, SS		3.9-7.9%	2015 models			
GMC Acadia	\$500-\$2,250	0-6.9%	BRZ, Forester,			
Sierra 1500	\$500-\$2,000	0-6.9%	XV Crosstrek Hybrid		0-8.5%	
Sierra 2500HD, Sierra 3500HD	\$2,000	3.9-6.9%	XV Crosstrek, Impreza, Legacy, Outback		1.5-8.5%	
Savana 2500, Savana 3500	\$1,000	3.9-6.9%	TOYOTA MOTOR SALES			
Terrain	\$1,000		Toyota expires Sept. 7. Lexus expires Sept. 8. In lieu of rebates, cut-rate financing is available.			
Yukon, Yukon XL 1500		3.9-6.9%	2015 models			
2014 models						
Chevrolet Spark EV	\$3,000-\$5,500	2.9-6.9%	Lexus ES 300h, ES 350, LS 460		0.9%	
Camaro, Cruze	\$500-\$3,500	0-6.9%	CT 200h, ES 300h, ES 350, GS 350,			
Silverado 1500	\$2,500	0-4.9%	IS 250, IS 250C, IS 350, IS 350C, LS 460, RC 350, RX			

Plant overtime

Week ending Aug. 22

Company	Location	Vehicle Type
FCA NA		
Brampton, Ontario		car
Toledo (Ohio) North		truck
Toledo (Ohio) Supplier Park		truck
Ford Motor Co.		
Chicago		car/truck
Kentucky Truck (Louisville)		truck
Louisville (Ky.) Assembly		truck

Plant closings

Company	Location	Vehicle Type	Resumes
General Motors			
Arlington, Texas		truck	
Bowling Green, Ky.		car	
Ingersoll, Ontario (CAMI)		truck	
Lansing (Mich.) Delta Township		truck	
Wentzville, Mo.		truck	
FCA NA			
Warren (Mich.) Truck*			Aug. 24

Plant closings

Company	Location	Vehicle Type	Resumes
FCA NA			
Warren (Mich.) Truck*			Aug. 24

*Vacation
Source: Automotive News Data Center

N.A. output rises 6.9% in July

Estimated North American car and truck production in July rose a robust 6.9 percent from July 2014 to 1,382,380 vehicles, as relatively few assembly plants took lengthy downtimes. Production has topped 1 million units for 48 straight months.

Car production rose 6.3 percent in both the U.S. and Canada and 1.5 percent in Mexico. North American car output climbed 4.9 percent.

Truck output jumped 10.4 percent in the U.S. and 7.6 percent in Canada but fell 1.4 percent in Mexico. North American truck production increased 8.1 percent.

Vehicle output rose 8.9 percent in the U.S., 7.1 percent in Canada and 0.1 percent in Mexico.

Vehicle output for the first seven months rose 4.8 percent in the U.S. and 10.3 percent in Mexico but slid 6.2 percent in Canada. North American vehicle output grew 4.3 percent to an estimated 10,651,623 vehicles.

— Debi Domy

POSTAL NOTICE

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North America production by nameplate, July & YTD

Vehicles are assembled in the United States unless noted.

	July 2015	July 2014	7 mos. 2015	7 mos. 2014
Mercedes-Benz R class (trk.)...	10	0	10	0
Mobility Ventures MV-1 (trk.)...	258	140	1,173	1,132
AM GENERAL†	268	140	1,183	1,132
Fusion	0	4,616	0	33,011
Mustang	0	41	0	49,053
Total Ford division	0	4,657	0	82,064
AUTOALLIANCE	0	4,657	0	82,064
X3 (trk.)	11,678	8,468	80,397	83,643
X4 (trk.)	4,374	3,874	32,481	11,794
X5 (trk.)	13,153	12,395	90,778	92,783
X6 (trk.)	3,273	152	27,014	13,450
BMW MFG. CORP.	32,478	24,889	230,670	201,670
200 sedan	0	0	0	15,329
200 sedan (2nd gen.)	10,644	15,444	123,585	49,939
300 (Can.)	4,282	3,060	46,014	34,878
Town & Country (Can. trk.)	8,847	11,246	44,703	94,822
Total Chrysler Division	23,773	29,750	214,302	194,968
Avenger	0	0	0	18,923
Challenger (Can.)	4,300	3,201	44,294	35,487
Charger (Can.)	7,449	5,235	76,258	61,785
Dart	4,919	7,509	66,996	48,284
Viper	58	16	607	396
Durango (trk.)	6,590	6,797	50,667	43,948
Grand Caravan (Can. trk.)	10,838	13,640	61,155	116,627
Journey (Mex. trk.)	15,855	14,489	119,891	102,317
Total Dodge	50,009	50,887	419,868	427,767
Ram (trk.)	27,711	28,966	232,257	194,803
Ram (Mex. trk.)	15,701	23,234	153,536	135,414
Ram C/V (Can. trk.)	0	876	4,484	7,411
Ram ProMaster (Mex. trk.)	2,667	2,324	17,505	13,218
Total Ram	46,079	55,400	407,782	350,846
Total Dodge/Ram	96,088	106,287	827,650	778,613
Cherokee (trk.)	24,378	19,405	194,395	161,444
Compass (trk.)	8,127	9,750	75,477	80,967
Grand Cherokee (trk.)	25,504	26,402	195,526	170,491
Patriot (trk.)	7,738	9,200	89,752	76,929
Wrangler (trk.)	5,721	4,578	42,251	35,306
Wrangler Unlimited (trk.)	16,440	13,166	124,251	101,565
Total Jeep	87,908	82,501	721,652	626,702
Total Chrysler brands	207,769	218,538	1,763,604	1,600,283
500 (Mex.)	1,937	5,721	23,018	25,987
Freemont (Mex. trk.)	2,060	1,751	15,577	12,428
Total Fiat	3,997	7,472	38,595	38,415
Thema (Can.)	0	0	0	184
Grand Voyager (Can. trk.)	0	253	408	2,136
Total Lancia	0	253	408	2,320
Total U.S. car	15,621	22,969	191,188	132,871
Total Canada car	16,031	11,496	166,566	132,334
Total Mexico car	1,937	5,721	23,018	25,987
Total U.S. truck	122,209	118,264	1,004,576	865,453
Total Canada truck	19,685	26,015	110,750	220,996
Total Mexico truck	36,283	41,798	306,509	263,377
FCA NA‡	211,766	226,263	1,802,607	1,641,018
C-Max	2,421	1,858	16,574	19,199
Fiesta (Mex.)	11,586	11,590	70,034	71,284
Focus	18,601	23,825	149,658	143,840
Fusion	2,118	0	23,161	0
Fusion (Mex.)	19,074	17,002	179,968	167,017
Mustang	8,119	0	91,665	0
Taurus	5,816	4,616	45,572	48,209
E series (trk.)	2,597	0	33,624	85,394
Edge (Can. trk.)	12,048	5,031	79,479	80,927
Escape (trk.)	29,052	23,843	222,724	215,359
Expedition (trk.)	2,374	5,803	32,418	39,961
Explorer (trk.)	21,942	22,818	160,102	162,026
F series (12th gen.) (trk.)	0	58,208	0	411,973
F series (13th gen.) (trk.)	56,048	0	313,181	0
F-series Super Duty (trk.)	11,477	23,984	177,633	172,010
F-series chassis (trk.)	1,164	1,154	8,777	10,642
Flex (Can. trk.)	1,395	924	10,962	13,545
Medium (F650/F750, trk.)	323	0	457	0
Medium (F650/F750, Mex. trk.)†	0	1,094	5,148	5,482
Transit (trk.)	9,746	2,270	84,168	6,942
Total Ford division	215,901	204,020	1,705,305	1,653,810
MKS	837	777	4,533	4,446
MKZ (Mex.)	3,664	3,868	19,990	21,542
MKC (trk.)	3,948	4,861	20,251	9,644
MKT (Can. trk.)	363	252	2,457	3,282
MKX (Can. trk.)	4,627	1,248	7,278	15,803
Navigator (trk.)	571	835	9,288	5,806
Total Lincoln	14,010	11,841	63,797	60,523
Total U.S. car	37,912	31,076	331,163	215,694
Total Mexico car	34,324	32,460	269,992	259,843
Total U.S. truck	139,242	143,776	1,062,623	1,119,757
Total Canada truck	18,433	7,455	100,176	113,557
Total Mexico truck	0	1,094	5,148	5,482
FORD MOTOR CO.	229,911	215,861	1,769,102	1,714,333
Ford incl. joint venture*	229,911	220,518	1,769,102	1,796,397
LaCrosse	2,194	1,678	17,478	26,581
Regal (Can.)	1,172	123	9,090	11,706
Verano	1,055	2,280	16,946	30,424
Enclave (trk.)	3,987	4,252	35,987	41,854
Total Buick	8,408	8,333	79,501	110,565
ATS	1,359	2,177	11,957	23,136
CTS	903	1,388	7,544	23,712
ELR	16	0	49	1,905
XTS (Can.)	990	1,202	7,444	11,792
Escalade (trk.)	2,620	2,333	16,700	7,423
Escalade ESV (trk.)	1,655	1,214	10,572	3,957
SRX (Mex. trk.)	5,989	9,532	44,470	61,440
Total Cadillac	13,532	17,846	98,736	133,365
Aveo (Mex.)	7,687	5,508	47,614	40,193
Camaro (Can.)	5,987	3,883	55,479	52,536
Corvette Stingray (7th gen.)	3,885	3,740	24,161	24,018
Cruze	29,945	18,740	184,213	181,312
Impala	2,285	2,086	20,597	14,599
Impala (Can.)	6,612	9,157	57,781	90,290
Malibu	12,802	9,387	102,202	121,016
Sonic	2,223	6,811	34,703	60,765
Sonic (Mex.)	3,191	2,233	23,577	16,827
Volt	0	2,491	6,519	18,034
Captiva Sport (Mex. trk.)	400	5,538	4,265	40,164
Colorado (trk.)	10,138	0	57,343	0
Equinox (trk.)	2,988	2,406	24,588	25,083
Equinox (Can. trk.)	3,877	858	32,184	8,461
Equinox (CAMI, Can. trk.)	12,793	11,835	109,370	116,706
Express (trk.)	5,067	11,444	33,173	55,024
Silverado (trk.)	23,750	24,020	202,330	202,330
Silverado/Cheyenne (Mex. trk.)	14,143	17,902	132,858	140,095
Suburban (trk.)	5,848	5,667	38,344	31,373
Tahoe (trk.)	10,714	9,029	70,172	62,334
Traverse (trk.)	7,978	8,177	68,176	65,679
Trax (Mex. trk.)	9,099	6,402	56,275	35,960
Total Chevrolet	181,412	167,314	1,389,697	1,402,799
Acadia (trk.)	6,714	7,636	58,881	57,481
Canyon (trk.)	3,493	0	22,324	0
Savana (trk.)	3,634	1,764	20,662	22,362
Sierra (trk.)	9,386	11,041	83,457	80,194
Sierra (Mex. trk.)	7,932	10,062	81,707	76,210
Terrain (CAMI, Can. trk.)	8,203	7,461	74,001	73,575
Yukon (trk.)	5,127	4,211	33,563	25,644
Yukon XL (trk.)	3,549	3,334	22,593	17,946
Total GMC	48,038	45,509	397,188	353,412
Opel Ampera	30	21	295	190
Total U.S. car	56,697	50,799	426,664	525,692
Total Canada car	14,761	14,365	129,794	166,324
Total Mexico car	10,878	7,741	71,191	57,020
Total U.S. truck	106,648	96,528	802,638	698,684
Total Canada truck	24,873	20,154	215,555	198,742
Total Mexico truck	37,563	49,436	319,575	353,869
GENERAL MOTORS‡	251,420	239,023	1,965,417	2,000,331
ILX	1,800	3,599	19,679	9,509
TL	0	0	0	3,765
TLX	1,836	2,376	35,200	2,376
MDX (trk.)	3,479	5,879	43,913	42,088
RDX (trk.)	3,959	2,631	32,055	30,062
Accord	34,810	30,600	225,550	252,050
Civic	19,896	14,543	129,797	132,466
Civic (Can.)	15,749	14,056	106,496	113,667
Crosstour	360	295	4,863	8,279
Fit (Mex.)	1,199	5,745	29,911	23,560
CR-V (trk.)	16,128	6,678	105,314	85,527
CR-V (Can. trk.)	16,431	15,418	119,514	117,750
CR-V (Mex. trk.)	5,973	5,744	37,771	37,363
HR-V (Mex. trk.)	8,801	0	42,730	0
Odyssey (trk.)	13,500	13,192	88,745	85,130
Pilot (trk.)	11,709	9,284	69,118	77,778
Ridgeline (trk.)	0	0	10	

final assembly

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comment

China's currency move a setback, not a calamity

Auto stocks weren't immune from the shock waves that roiled the world's stock markets after China devalued the yuan by more than 4 percent over a three-day period last week.

Shares of Daimler, Volkswagen and BMW — companies that are heavily dependent on China's luxury market — each took big hits, as did those of some other automakers.

Is this the start of an automotive apocalypse? Probably not.

The devaluation certainly will squeeze global automakers'

profits — and it should give a mild boost to Chinese auto exports — but it's not going to blow up the automakers' long-term strategy.



DAVID SEDGWICK
STAFF CORRESPONDENT

The sell-off in auto stocks "is a knee-jerk reaction" by investors, says Nigel Griffiths, London-based chief automotive economist for IHS Automotive.

That's because most of the vehicles that foreign automakers sell in China are also produced in China. So companies such as Volkswagen, General Motors and Ford enjoy a natural hedge against currency fluctuations.

Last week, executives from Ford and GM said their companies remain focused on China's long-term growth prospects.

Auto sales in China are still expected to rise to 35 million vehicles sometime next decade, up from about 23 million this year. No automotive CEO is going to give up on that market.

According to IHS, Volkswagen imported 250,000 vehicles into China in 2014 — many of them for the Audi brand. Last year, BMW imported 220,000 vehicles; Toyota shipped 200,000, and Daimler imported 165,000, according to IHS data.

Imports to China are going to shrink, says Griffiths, but the luxury automakers were cutting back their sales expectations even before China devalued the yuan. In the spring, China's soft economy began to hurt auto sales, and most automakers have since cut their sales targets.

A devalued yuan will make car imports even more expensive, but the truth is luxury brands such as BMW and Audi have enjoyed high profit margins in China, so they have room to cut prices.

In the short run, China's shaky economy is the biggest worry for the world's auto executives. By comparison, says Griffiths, the yuan's devaluation "is noise."

You may email David Sedgwick at dsedgwick@crain.com.

CarPlay and Android Auto: They're not just for millennials

Look past the chrome-ier grille and LED taillights on the refreshed 2016 Accord, and you'll notice **Honda** has integrated both Apple CarPlay and Google Android Auto into the dashboard. This makes the Accord one of the first few vehicles on the market to offer compatibility with both smartphone-integration systems.

Honda certainly hopes the new feature will lure more tech-savvy, younger buyers. But the automaker has its eye on older buyers, too — the kind of people who are becoming increasingly frustrated and intimidated by complicated navigation and infotainment systems.

"What is it on their smartphone they like?" Jeff Conrad, Honda Division general manager, said

of these buyers at a recent press launch for the 2016 Accord. "They like the familiarity. That's why they bought it. They like the way the maps are displayed and the music is deployed."

Reducing complexity is a "huge asset," Conrad told *Automotive News*, especially considering that it's usually older buyers with deeper pockets who spring for the higher trim levels that come with navigation and infotainment systems.

Honda's setup is standard on all 2016 Accords with the EX trim level and up. Sticker prices on those models start at \$26,300, including shipping. (The base Accord LX with manual transmission starts at \$22,925, including shipping.)

Simplified infotainment also helps a brand's



Honda has its eye on older buyers as the Accord offers Apple CarPlay and Google Android Auto.

consumer satisfaction ratings — such as those compiled by J.D. Power and Associates or *Consumer Reports* — from spiraling downward. Brands such as Ford, Infiniti and Cadillac have seen their ratings hurt by poor-performing or overly complicated infotainment systems.



REUTERS

Inferno aftermath

Global automakers including Volkswagen, Hyundai and Toyota were scrambling last week to assess the damage from a pair of chemical explosions that ripped through the port area of Tianjin, China's largest auto import hub. News reports said thousands of new vehicles in storage there were destroyed by a fire that spread across a waterfront warehouse district Wednesday night and damaged buildings across a wide area. The blasts killed at least 54 people and injured about 700. Toyota Motor Corp. said Friday that more than 50 of its employees were injured.

What a difference a Trump — and a day — can make for Ford

Score another one for Donald Trump. Just **one day** after the real estate mogul and GOP presidential front-runner took the stump in Michigan last week and excoriated **Ford Motor Co.** for "building a \$2.5 billion plant in Mexico" instead of the U.S., Ford fired up its Avon Lake, Ohio, plant to start producing medium-duty commercial trucks that had been built in Mexico.



claim results like that?

OK, so that's not exactly how it went down. But if you believe the reality-TV star, that's how it would work under a Trump administration. It would be as if the federal government owned a controlling stake in the automaker.

"President Trump," he told the crowd, wouldn't let Ford move jobs to Mexico and would persuade CEO Mark Fields to bring jobs back to the U.S. (Trump later said he was unmoved by a "very, very nice letter" from Fields explaining Ford's \$6.2 billion in U.S. investments.)

"I would say, 'The deal is not going to be approved,'" Trump roared at a rally in Birch Run, about 90 miles north of Detroit. "I won't allow it. I want that plant in the United States, preferably here. So then I only have one question: Do they move the plant to the United States the same day or a day later?"

Trump: Production moved to U.S. You're welcome?

BLOOMBERG

Signs dealership throughput is nearing a peak

The average number of new-vehicle sales per dealership is trending toward another record in 2015, based on an annualized U.S. selling rate of 17.1 million vehicles, according to a study released last week by Urban Science.

But with the U.S. throughput gains shrinking from year to year, "maybe we've hit the pinnacle," said Mitch Phillips, Urban Science's global director.

"The basic trend among dealerships is pretty much status quo," Phillips told *Automotive News*. "But if the forecast dips and the number of stores stays the same, we might see a plateau or downturn."

Here are some key findings from the study.

945

Projected new-vehicle sales per store for 2015. That compares with 921 in 2014 and 874 in 2013.

31,714

Franchises in the U.S., up from 31,609 at the end of 2014

18,011

Dealerships as of July 1, up from 17,953 at the end of 2014

Top dealership gainers

Texas	+10	Maryland	+5
California	+8	Michigan	+5
Florida	+7	Virginia	+5
Iowa	+5		



Aaron Dawkins – Manager, Product Innovation and Delivery Experience
Yvette Mallett – Operations Manager, Ally Servicing
Jeff Brown – CEO, Ally Financial



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